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OUR ECONOMIC MORALITY

AND

THE ETHIC OF JESUS

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OUR ECONOMIC MORALITY
&
THE ETHIC OF JESUS

by

Harry F. Ward

Professor of Christian Ethics
in Union Theological Seminary

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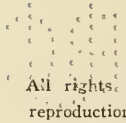

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PREFACE

THIS book was first planned, some years ago, as a discussion of profit and property from the viewpoint of the ethic of Jesus. As these activities and aims of the acquisitive society in which we live were discussed with the students of several seminars, and as the American scene in the present world drama developed, it became increasingly clear that they could not be adequately treated without some consideration of the popular philosophy of life that underlies and justifies them.

In most of the English-speaking world, certainly in England where a Labor Party which challenges the accepted economic morality has administered the government and where the new industrial program of the Liberal Party specifies the points at which traditional economic behavior is both inequitable and inefficient, much that is herein written would be superfluous. But we are living in a country where a nominee for the presidency, reputed to be a religious man and also one intelligent in economic affairs has, in his speech of acceptance, just informed the nation that, "With impressive proof on all sides of magnificent progress no one can rightly deny the fundamental correctness of our economic system."

In 1919 I wrote, as did a number of others, con-

cerning the general outlines of a new world that appeared to be forming. In the preface to that book I said that the details of the matters therein discussed could "be considered in less urgent times, after the main outlines of the form the molten world is to take have been determined." The present volume is an attempt to meet a part of the obligation implied in that statement. Only now the work must be mainly critical if it is to be at all constructive. For the main evidence to justify the wartime hope of a new social order was the ways in which the great conflict had shattered the capitalist economy and substituted for it other forms of administration and other modes of thought. But the consequence of the war in this country has been not only the stabilization of capitalism but also the strengthening of its vices. Never in the story of mankind has any nation made as much money with as little consideration for moral values and social consequences as the United States in the last decade. This fact and what it means for the future of this people, especially for the part they will play in relation to economic developments in the rest of the world, must determine the course of those among us who discuss the economic problem from the standpoint of ethics and religion.

It is manifestly impossible for anyone today to treat this theme without being heavily in debt to other writers. For the aid of those who wish to pursue the subject further I have appended a list of the works and authors to whom I have referred, so that he who reads and runs need not be distracted by footnotes. The chapter on the profit motive of

necessity follows the same general approach as my pamphlet on that topic issued by the League for Industrial Democracy, but the treatment is sufficiently different so that those who desire a more detailed consideration of the subject may turn to that publication.

To those who will make haste to say that judgment should not be passed on the weighty and complex matters under discussion without more documentation, I would point out that the responsibility for the omission lies elsewhere. The price of books required by the present way of providing the population with the necessities of life makes condensation compulsory if the persons I most desire to reach are to be able to read what I have written. In any event, the issue between the critics and the protagonists of competitive profit seeking is not to be decided by evidence alone. It is at bottom a difference in value judgments concerning the present trend of events, the capacities of mankind and the meaning of life; therefore it can be settled only by the verdict of the future which I for one am well content to await.

In developing this subject I have received much help in discussion with students and colleagues of Union Theological Seminary. I am under particularly heavy obligation to my friend Professor John H. Gray and to my son Gordon. The former—who was my first and has been my continuous teacher in economics—is an authority of very wide observation in this field, in specific parts of which the latter is a student and investigator. One of them was good enough to read the entire manuscript, and the other,

those chapters that refer to matters with which he is now engaged. They both gave me invaluable criticism, suggestion and information. To my wife and my daughter I am deeply indebted for undertaking the drudgery of copying and correcting my sometimes illegible pages.

HARRY F. WARD

Palisade, New Jersey
September, 1928

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OUR ECONOMIC MORALITY

AND

THE ETHIC OF JESUS

CHAPTER I

An Irreconcilable Antagonism

When our modern economic behavior is viewed in relation to the rest of human activities and interests, its most challenging characteristic is a claim to moral independence. Ever since the discovery of the trade routes—to India, the Far East, and the Americas—the opening up of new continents and the invention of the power machine gave a new impetus to the pursuit of business and drove the economic process to a larger place in the life of man, that process has been impatient of any control, save that of its own needs. It has demanded that both government and religion keep hands off its affairs. It has been, and it proposes to be, as far as possible, a law unto itself. In due time, the economic aspect of life added to its assertion of moral independence the claim of moral sovereignty. It now declares that to the basic necessity of economic efficiency all other human needs must yield, all aspirations submit. If honesty is desirable, it is because it is the best policy. If mutual aid is to be developed it is because he profits most who serves best. In its infancy capitalistic industrialism destroyed the control which medieval society had

placed about the economic appetites, and rejected the restraints with which the church had curbed greed. Then in its lusty youth it discovered the authority of natural law under which to license its predatory spirit, and in the end persuaded official religion to add its sanction and blessing. That story has been adequately told in the pages of Tawney.

In Europe and particularly in England, where industrial society started, these tendencies were modified by the accumulated habits, traditions, and ideals of centuries of community organization. In the United States, where there was a continent to subdue and settle by the initiative of individuals, they had free reign. In such a favorable environment they reached the climax of their development, the acme of their power. So strong did they become, so confident of their self-righteousness, so sure of their social usefulness, that when the necessities of organized living imposed some restraints upon them they first defied, then evaded, and finally controlled many of these restraints to their own ends. The latest chapter in the story of regulation of business by government is the nullification of the regulating bodies by packing them with men opposed to the purpose for which these agencies were created. Profit-seeking enterprise finds the growing assertion of the common need in the twentieth-century United States as much alien to its spirit and inimical to its progress as was the inherited and ingrained social control of seventeenth-century England.

Because of this inheritance, it was impossible in Great Britain to carry on economic discussion with-

out reference to ethical principles. The social code was sufficiently established to require that some kind of moral sanction be found for economic behavior. Hence the hypothesis of natural law, when the canon law—which attempted to enforce the teachings of the medieval church concerning a just price, a fair wage, and the immorality of interest—had become unreal, and impossible in the economic world. But among us the guardians and expounders of classical economic theory tend to eschew moral ideas entirely, and utterly to abhor ideals. It is their pride to separate facts and opinions, though what becomes of their own opinions and what happens to the facts in the process of separation is not quite clear. It is their contention that economics is a science dealing with facts, whereas moral considerations are mostly matters of sentiment which must be ruled out as confusing the issue. As though no sentiment attached to the defence of orthodox economics and the maintenance of the status quo! As though sentiments are not also facts! As though there could be any social science that did not deal with the whole of man's life!

So widely is this view held that it was an event in American academic life when a group of economists and political scientists recently signed a statement regarding war debts and reparations which contained an appeal to the sense of justice. Also the two sessions of the American Economic Association which stand out in its records as unique are those in which, with the classicists strongly in the negative, there was discussed at one time a proposal to compen-

sate workmen displaced by machinery and at another some suggestions for the abolition of poverty. This modern attempt at economics without morals enlarges the historic monstrosity of the economic man—who was impervious to all stimuli save the prospect of financial gain—into a system, without heart or conscience. The consolation is that such a system must finally be without brains or blood. This kind of economics is now on its way out of the universities into the business colleges, and there it should be listed under its proper name of chrematistics—the science of money-making. In that situation it may, pending its extinction, be made less harmful by developing for it a professional code, as was done with dueling and war. At least intellectual honesty requires that it sail under its own colors as the pursuit of private gain and not be allowed to conceal its real nature under the claim of being either a national or a social economy.

Naturally the attempt to separate ethics and economics is still more noticeable in the practical world. Business is business and men are not in it for their health. In a competitive situation, consideration for others—which is the essence of morality—becomes an increasingly impossible luxury. Recognizing this, the hard-headed in the universities naturally produce the hard-boiled in offices and editorial rooms and are by them in due course supported and repeated. If we do finally endanger our economic well-being through being foolishly sentimental in our consideration for the weak and unfortunate, in our desire for justice and our aspiration for equality, it will certainly not

be for lack of warning in the newspapers and at the banquets of the successful. The conviction that moral sentiment cannot be mixed with business if business is to be successful comes to its full strength at the point of the relation of religion to economic practice. It is recorded in the current saying that the Golden Rule will not work in the business world.

The separation between religion and economics in the Western world since the Reformation must be charged as much to the religionists as to the economists and the business men. Most of them have religiously kept the practical affairs of daily life outside the house of the Lord, so that now it seems to many people irreverent and almost sacrilegious to deal with economic matters in sermon or prayer. Recently that famous English preacher, Dean Inge told the students of one of our divinity schools that there are no economic principles in the gospels. Yet Jesus taught that a man's life does not consist in the abundance of the things he possesses, and the ruling principle of modern industrialism is that it does therein consist. When Protestantism, as the religious expression of the rising individualism, opened up direct access to God for the individual, it tended thereby to keep him apart from his neighbor. Its distinction between the sacred and the secular also operated to that end. Fellow Christians, despite their occasional emotional unity, never really got together in their religion, because the common business of life was excluded from their hours of religious fellowship. Economic well-being never became a common end. They pursued it separately. The compensation that

the Puritan strain developed in its early days by laying upon the individual conscience the obligation to do business in the sight of God tended to disappear when God was viewed not alone from the standpoint of Old Testament morality, but also in the light of the ethic of Jesus. Then it became clear that his kind of morality was to a large degree impracticable in a competitive, profit-seeking world. The captain of industry or finance who is trying to follow Jesus has about the same problem as a Roman centurion. How much easier is the case of the preacher in a ministry with a competitive salary scale and a luxury standard of living for those at the top?

The growing recognition of the essential antagonism between the principles of Jesus and those upon which capitalistic industrialism is trying to organize a civilization has been increased by recent developments. For almost a generation the left wing of the forces of religion has been attempting to end the separation between economic practice and religious ideals, to develop some moral authority for economic behavior. Protestants, Catholics, and Jews have joined in this endeavor. Occupying itself at first with inhuman conditions in the world of industry, and uttering some joint moral judgment concerning them, this undertaking finds itself pushed back more and more to the issue of the underlying principles; it begins to analyze the moral nature of competition, profit, property.

What, then, is the reaction from the world of business? The crass response of ruthless profiteers, with their senseless cry of "Bolshevik," can be disregarded.

What counts is that first there is resistance to reform, and then its acceptance as good business. The net result in the economic process of the attempt to Christianize the social order, aside from changes in attitude and mind-set that have yet to bear fruit, is some humanizing of industry. But this leaves the basic factors untouched. Indeed, it tends to make them more endurable and lasting. Shorter hours, more safety and health, better living conditions, higher wages, employee representation—these things pay. They provide dividends in cash as well as in human contentment. Also they carry less liability of change. It is harder to get a religious denomination to consider relating its publishing house to the unions of the printing trades after a company union has been installed than it was before. Vested rights accrue to the non-union men, and along with them vested justifications and satisfactions for the management. Religion is an opiate in more ways than one.

When it comes to developing the ethical principles of Jesus at the heart of the economic process, then of necessity we get a different answer from the world of business. This reply records the contrast between the sayings of the founder of the religion professed by the Christian nations and their economic practice. Obviously in a competitive struggle in which others are constantly trying to take away all that he has, a man will not get very far by being willing to give his cloak as well as his coat. There are times for generosity and sacrifice, but mostly outside office hours. The discount on purchases that is offered to preachers recognizes not only the limited

income of most of them but also another standard for human relationships. Therefore it is also usually given to relatives. But it would be fatal to attempt to do business in the acquisitive society on the basis of the morality of the family group—which is the basis of the ethic of Jesus.

For you to love your neighbor as you do yourself in business would be to let him make as much profit off you as you take from him. Sometimes in their enthusiasm our advertising copywriters inform us that a successful business transaction is one in which both parties are mutually advantaged, but obviously neither millionaires nor a poverty line are made that way. But there is more than its interference with money-making behind the commonplace statement that the Golden Rule cannot be carried out in business. When men in charge of our economic affairs tell us wistfully and regretfully that the Sermon on the Mount is a beautiful ideal but it will not work in a practical world, some of them at least are going deeper than their own profits or comfort. Their statement is not altogether a rationalization of their own security. They honestly hold that economic efficiency—the getting of the goods which the world needs—is incompatible with the ethics of Jesus. On the assumptions of modern business enterprise, how can they think otherwise? Bred and trained in a money-making economics, if they are ruthlessly honest with themselves, they must conclude that exploitation—that is, the taking and using by the successful of a part of the labor product of the weaker—is a condition of an efficient economic order. By that process the un-

successful will ultimately have more than if they were left with only the meager results of their own efforts. If lives are broken through unemployment due to technical improvements which at the same time increase dividends, it is the price of progress. The next generation will be better off. When the gospels are opened in the presence of such a philosophy of life, it is apparent to even the casual reader that two kinds of morality have come into collision. In a society fashioned around intelligent self-interest Aristotle would be perfectly at home, but Jesus would again have difficulty in finding a place to lay his head. The Greek is better known and followed in universities founded by churches than is the Nazarene. We must be gentlemen even though we dare not be Christians. The ethics of capitalistic industrialism aims at economic efficiency and mutual advantage through the exaltation of self-interest, with such enlargement of other human capacities as may thereafter indirectly accrue. The ethic of Jesus seek human development directly through the limitation of self-interest by mutual adjustment and mutual aid.

The antagonism between these two solutions for the problem of associated living is indeed irreconcilable. One will in the end give way to the other. Industrial society cannot continue in its present divided, inconsistent, increasingly futile state—partly humane and partly callous, now democratic and now imperialistic. Nor can a religion whose function it is to develop the ethic of Jesus remain half bound to, and half free from, the living death of this acquisitive society. It must either transfuse our failing economic

order with new life or die with it. It cannot, as in the matter of the war, declare a moral moratorium. The economic order is permanent. Therefore the followers of Jesus must either get his moral currency adopted or the religion that names itself after him will have to suspend payment altogether.

Various modern writers, notably Rauschenbusch in this country, Tawney in England, and Max Weber in Germany, have demonstrated that the greatest obstacle to the spread of the principles and spirit of Jesus throughout human society is our present economic procedure. Their judgment has been confirmed and reiterated in the utterances of religious bodies, particularly at the close of the war, when emotions were high and vision keen. If organized religion is not now minded to follow the moral imperative in this conclusion, if it should be willing to busy itself with other and less dangerous duties, if it should consent to divorce—as the climax of the separation between economics and religion that began with the industrial revolution, it can of course get substantial alimony allowed—for missions abroad and for reproducing at home ecclesiastical architecture of a bygone age in Europe. But it will then find that something else is involved. Having yielded voice and part in the control of the common household, religion would face a demand for service to which something in its own nature impels it to yield. If it does not work in the common interest, religion works for special privilege. Unless it denies life like Buddhism by abnegating desire, it always plays some part in economic activities. First with its magic it helps the

primitive community to get its food. Then with its moral sanctions it helps the successful to hold their property and their power. Then at times it aids in the redistribution of these privileges. That in brief has been its record, part of it already repeated in this land and other parts on the way—for instance, the attempt to transpose Jesus into a super-salesman. What other generation ever achieved quite so mean a blasphemy against its higher self? What kind of society is it in which religion is asked to accept such a rôle?

To understand what is involved in the rejection of the ethic of Jesus by the supporters of our present economic procedure, it must be clearly recognized that this is no rebellion against ecclesiastical authority as was a similar situation at the end of the Middle Ages. No modern churches have attempted to enforce the ethic of Jesus even in their own economic activities, any more than the synagogues have tried to make officially authoritative the morality of the law and the prophets which he fulfilled. Indeed, it is only the left wing in religion that has even inquired concerning the ethical nature of the teaching of Jesus and its relation to the life of man. The effort to reconstruct Jesus as an historic figure, to get at his original sayings, has operated as much to increase the separation between ethics and economics as it has to end it. For each expositor who has read into Luke some of his own socialistic preconceptions there has been more than one to read something out, because Luke was a socialist. While one school has taken the principles of Jesus as an historic development to be carried still

further, another school has proclaimed them as only an ad interim ethic, conceived in and shaped by an overwhelming conviction that the Kingdom of God —as an apocalyptic event—was at hand, the end of the world in sight. Therefore of course they could be no guide for a continuing human society. This seems to be a gratuitous deduction. If it be true, and it is now strongly disputed, that the apocalyptic note is dominant in the teaching of Jesus, it does not follow that his ethical teaching was made only for the intervening period before the destruction of the world. Over and over again he emphasized the relation of his sayings to the law and the prophets. They therefore must be evaluated in relation to that long development out of which they came. Jesus may have considered this moral process valid for eternity as well as for time.

In any event what that teaching was is historically certain, while fashions in New Testament interpretation are still subject to change. It is clear beyond dispute that the eighth-century prophets of Israel started a creative movement to fashion an ethical religion, that they caught a glimpse of an ethical god who was to express himself, and to be experienced, in moral attitudes and conduct—particularly in the economic life of the Hebrew people, in the working out of justice and fellowship. It is evident beyond question that the prophetic attitude, and that of the law, toward the property question had for its foundation the principle of the subordination of property rights to common human needs, and that this viewpoint leads in the direction of the depreciation of material

wealth as against moral and spiritual values. Yet when Jesus so treats the issue, plenty of scholars decide that he did it because property did not matter if the end of the world was near. Thus they supply a reason to the holders of anti-social forms and unjust amounts of property for the hope that is in them that the teachings of Jesus will not work.

However that may be, neither those practical people who find the ethic of Jesus economically impracticable, nor those scholars who support them by the ad interim hypothesis, nor those who have affinity for the moderation of Aristotle rather than the perfectionism of Jesus, have come to the end of the matter. What they have to face at last is more than the authority of the revealed word, or the sayings of the most influential personality in the human record, or the power of a Mystic Name around which the hopes of multitudes have gathered. They have to reckon finally with a long historic movement in which Jesus appeared as a focal point. They have to deal also with the fact that as this movement becomes understood, it gathers into itself kindred aspirations all around the world. What they are asking modern man to reject is some of the most vital, persistent, and universal ideals of the race—control by consent not power, differences adjusted by goodwill instead of force, property as an instrument not an end, equality of development for all. The present attempt to discover some moral authority for the economic process views these not as fixed absolutes to be brought down into life by the authority of religion, but as developing principles. It seeks not to apply them as rigid

formulae but to unfold them pragmatically. Thus it discovers authority within the process of life. The ethical values of its God are immanently revealed.

Just as the rejection of the ethic of Jesus in economic practice involves the refusal of that previous development in human experience which fashioned them, so does it carry with it the negation of the attempts that have been made since the days of Jesus to express an ethical religion in the practical activities of the common life. Naturally there follows the denial of democracy. The core of the democratic movement is the struggle for equality, and spiritual equality is a central doctrine in the New Testament, just as equality in the right to food was central in the law and the prophets. The part that the equalitarian philosophy has played in American life has been described recently in a book by T. V. Smith. In an earlier volume he elucidates the obvious fact that political equality is unattainable unless economic equality can be constantly approached. It is because the movement of American life has been the other way that we now see inequality and autocracy in the economic order subverting the democratic state. Money determines elections and business controls government. Increasingly the independent citizen counts as less than one. Inevitably most of those who, in one breath, reject the ethic of Jesus for economic purposes, in the other give praise and honor to Fascism, whose recent envoy finds here much support for it, particularly, he says, among the social classes.

Equally inevitable is it that our attempt at cultural equality—which is the condition of the successful

operation of a democratic community—should now be assailed in academic quarters, even by those who are themselves the beneficiaries of it. The postulate of the effort to distribute the opportunity for the good life to the bottom of society was that everybody should have, or be able to get, the necessary economic means. When this condition disappears, there goes with it the idea which distinguishes America from Europe, that everybody has or should have the chance to develop. The spoon-fed products of a culture dispensed as charity by well-meaning foundations are not likely to be the makers of a democratic society.

The assertion that the efforts of Jesus are impossible involves also the abandonment of the idea of progress. That this concept is now under fire was to be expected. The attack upon it is another sign of an economic situation which is becoming static. The beneficiaries of early capitalistic industry naturally desire to stabilize their gains and positions for their dependents and descendants. Hence all the talk about progress which characterized the stirring energies of expanding industrialism will gradually be muted, as the main economic purpose is to insure the collection of dividends. The mental and moral atmosphere of New England today compared with that of the days of Emerson, Lowell, and Garrison is a perfect case in point.

But the value and meaning of life, by common consent of the great souls who have flashed a little light for the rest of us upon this strange interlude between the eternities, is to be found in the struggle to lessen the gap between the ideal and the actual,

between what man may desire or hope and what at any given time he can do. Was it not in the last days of the Roman Empire, when its collective life was slowly passing, that the impetus to make a new world was passed on by those who refused to surrender to the decay that enveloped and assailed them, choosing rather to fight within themselves the battle of the undying spirit? What, then, does it mean that American industrialism, now but one hundred years old, asks a pioneer people to accept stabilization, to resign itself in so far as the form and nature of its society is concerned to an effortless old age? Poetry, philosophy, and religion alike have found their highest motif in the unending struggle between the satisfactions of the present and the dreams of the future, in the effort to bring the transient into subjection to the permanent, to subdue the separating self in the interest of the integrating whole. Now capitalistic industrialism asks us to end this struggle by surrender and the acceptance of defeat. It asks us to accept economic efficiency at the price of abandoning in our organic life the future development of those values—truth, beauty, and goodness; justice, fellowship, and equality—in whose pursuit the wisdom of the past everywhere agrees is to be found the fullest meaning and worth of life. For this, then, have we subdued nature, made the marvel of the machine, and fashioned human organizations after its pattern—to defeat ourselves? Scarcely have we heard that the machine makes possible the means to the good life for all the people, when we are told that the good life itself is impossible because of the exi-

gencies of the system under which the machine is administered!

What our economic society is now attempting is the abandonment of one part of the experience of the race. The moral development of man has run along two differing lines—the struggle for solidarity and for empire; aristocracy and democracy; a family morality with its sharing and fellowship and a power ethic with its predatory activities, its conquest and enslavement. One course of development tends to bind society together, the other to split it apart. One is centrifugal, the other centripetal. One by the process of mutual aid has produced the capacity for action in ever larger units, to the increasing enrichment of the lives of individuals. It is this personalizing, integrating part of the human struggle that Jesus voices. He rejects the other which has led to the antagonistic status of master and slave, monarch and subject, exploiter and exploited, thus repeating in differing forms a class-divided society. It appeared in the eighteenth century that this recurrent cycle was to be broken when several European nations rejected power morality and power organization in politics and hailed the democratic principle. Emphatically so did these United States. The rest are following in a world-wide movement, whose major prophet was Mazzini. Now capitalistic industrialism, with its economics of power, with its autocracy and inequality at home, its financial imperialism abroad, comes to call us back to the old road. Hence, when those who have achieved the conquest of economic power tell us that the teaching of Jesus will not work, they have

a sound intuitional apprehension of what will happen when it does work. From the beginning there has been the same conflict between Jesus and a civilization founded upon the possession of economic power by a few that has obtained between him and an order of life based upon military might.

Therefore the only alternative to rejection of Jesus for capitalistic industrialism is to change its nature as well as its ways. As it is, when it ceases to be blindly selfish and endeavors to fashion an ordered society, its only way to this goal is through the needs and interests of the strong. By their self-fulfillment the common weal is to be achieved. The prophets and Jesus stood for the weak. It was their wisdom that the common welfare was to be found by organizing society to meet the needs and develop the lives of the people at the bottom. In that way fellowship and capacity were to increase. They advocate the morality of mutual aid against that of exploitation, the attitude of the producer and server against that of the profit-taker and possessor. Their ethic is the survival of the sharing habit of the early tribal group reënforced with the concept of an ethical God. This type of morality rejects monarchy, imperialism, and a class-divided society. It works for unity. It is the vital core of a creative religion. The basic part that it has played in human development has been set forth by several of our sociologists. Giddings has emphasized consciousness of kind as the formative force in social development. Cooley has pointed out that the attitudes developed in face-to-face associations—those of the family, the tribe, the neighborhood—de-

termine the nature of the rest of life. Ellwood has shown how the ideas and ideals of goodwill, sharing, and mutual aid—which have been developed out of primitive social contacts by ethical religion, and most clearly and powerfully in the religion of Jesus—provide the patterns by which social organization develops and continues. The essence of progress is the capacity of humans to grow together for mutual improvement.

The reverse side of this proof is that a power morality—that of Nietzsche and pseudo-Darwinism, of a place in the sun and America first—makes always for conflict, destruction, and chaos. Rejection of the ethic of Jesus is refusal of the possibility of the unity of man. What is the survival chance of the latest imperialism now being built on the control of natural resources, technical appliances and credit? In the relations it establishes between the strong industrial nations and the weaker peoples it is distributing the attitudes and weaknesses of absolutism throughout whole populations. Who, then, will underwrite it against the decay or revolution that have overtaken all empires? How much more evidence of its instability does man want to make him stop trying to build his house on the sands? How long can a house divided against itself last?

Surely by this time the sickness of the acquisitive society is manifest even to lay eyes. The major symptom is the absence of moral unity, and this records something more than division between our orthodox religion and our official economics. Indeed, for the most part these get along very well together.

Always the court has its priests, and even its prophets. It is the very nature of man that is now torn asunder. In the days when a predatory morality was frankly avowed, men ruled the state and the home in the same spirit in which they plundered for their sustenance and wealth. But now it is only in the economic sphere that exploitation is whole-heartedly followed, and only in sections of that. Such conduct is not now approved by the official morality of the family or the government, only by that of the business world. But business takes increasingly more of life. Hence the vacillations and contradictions of the current scene—our reforms and repressions, our war for democracy while we imposed our rule on smaller peoples, our outlawry of war while we hunt patriots in Nicaragua. Our life is wracked with pain and torn asunder with anguish because the doctrine by which we are carrying on the work of the world is contrary both to our recorded judgment of what constitutes the best part of the past experience of the race and to our vision of what may be achieved in the future. That is why current literature contains a body of criticism of industrial society the like of which has not previously been leveled against a social order before it reached the stage of breakdown. What our money-making economics does not understand is that in refusing the ethics of Jesus it is not rejecting some daydreams, it is turning its back upon the long evolution of mutual aid and its eyes away from the persistent vision of a just and fraternal world.

This was exactly what other generations did to the prophets and to Jesus. But their rejection did not

involve the same elements of social experience. Now we add to their knowledge and vision the record of Europe with its struggle toward liberty, equality, and fraternity, add also our acquaintance with what other peoples and other religions have done in the same direction. Therefore we have a body of experience not before available. Its record shows that the way forward for man has been through war and empire, slavery and exploitation, to gradual recognition of the nature of the common good and realization of its supremacy, in unending effort to subdue self-interest for the achievement of the common life. Now capitalistic industrialism asks us to cease this striving in which man has been finding his soul. When it offers us the alternative between economic efficiency and the struggle for the beloved community, between abundance of goods and the achievement of the good life, it must be remembered that this outcome implies the dominion of those who have achieved power in the economic war and of their descendants. Once more the whole is asked to yield to a part.

But this is true in another and a deeper sense. Insistence upon the impracticability of the morality of Jesus is in effect the assertion of the supremacy of the economic appetites over the rest of life. It is after all but a refined form of the old cry "Eat, drink and be merry for tomorrow we die." It tells us that the chief end of man is to make and enjoy goods, to manufacture and use conveniences and comforts—that is when it does not tell us that the chief end of man is to make money and thereby have power over others. But this is to assert the dictatorship of one part

of life over the rest, and only for children or fools can the part be greater than the whole. Yet to the imperious demands of an unending increase of goods—useful, worthless, and vicious—art, literature, and religion are expected to bow; from the exigent necessities of mass production for profit they are asked to take their form. To accept this dictation means to give up the chance of living life whole. We are promised in return the comfortable life; but when was that ever the good life? Mechanical conveniences we have in abundance, but other values must go or stay in mutilated form. We can neither fulfill the struggle of the past for freedom and justice nor can we realize the possibilities of the future. What men have realized and imagined concerning an ethical God is to be abandoned also. We are to be the makers and spenders but not the creators and redeemers. The social structure that proceeds from such a view of life is as jerry-built as the houses it provides for most of its population, and those who are content to dwell in it will of necessity leave little behind them but ruins.

When current economic morality asks man to choose between goods that are useful but transient and values which are more necessary because continuing, it is obviously offering an impossible dilemma. That it should be presented at all indicates the mental and moral quality of our present scheme of life. When our money-making economics, in the name of the efficiency it promises, rejects the search after the community of justice and equality which the ethic of Jesus calls for, it thereby negates itself. To do it justice, at its best capitalistic industrialism is not

merely the production and enjoyment of goods, the pursuit and conquest of power; it aspires to be a civilization by providing the means for a higher and more widely distributed culture than the world has yet seen. But straightway the capitalist scheme defeats itself. First it tells us we must have more efficiency in the getting of goods if we are to develop the good life for all the people, then it tells us that if we seek to realize those values in which by common consent the good life consists, we shall destroy our economic efficiency. But man cannot choose between two aspects of his nature when both are indispensable. The answer to the modern temptation is again that man does not live by bread alone. Yet those who today make this reply do not forget that, not having bread, man does not live very long, and that without an adequate standard of living he lives only at a poor, dying rate, with no possibility of culture. It is only in times of crisis that man is called upon to choose between the needs of his body and the equally imperious claims of that part of him which neither famine, flood, nor fire; prison, stake, nor cross can kill. Then this "haunted hero" justifies himself and we discover how much of human life is courage, uncorrupted and undefiled.

But if man is to go on living in time and space, the conquest of bread is a necessity. The hunger which is even a more primary urge than that of sex—for life has to be kept alive before it can reproduce—must be satisfied. That done, the sex impulse has its way; and then, as man multiplies and replenishes the earth, the conquest of brotherhood becomes an equal

necessity with the conquest of bread. Indeed, increasingly these two depend upon each other. If man must commit the folly of trying to separate them, then the ascetic and not the sensualist would seem to have the better of it; at least he is not harassed by the sense of treachery to himself. But to fulfill himself man has to discover how to live in his two worlds at the same time. Flesh and spirit, self and others, present and future, fact and imagination, rigorous necessity and impractical sentiment, these are all intertwined. They declare values that are never separate while breath remains, that must be harmonized if life is to be realized.

The economic process itself bears witness to this spiritual law. As our daily bread becomes ever a more costly standard of living, more and still more coöperation is required to get it. The primitive man in favored climate reaches his hand to tree or stream to satisfy his hunger, but the ends of the earth are met together to feed us. Moreover, it is not only the means of sustenance but the means of culture that we must now have. And it is the declared purpose of our religion to make a cultured life available for the whole of the family of man. But this manifestly cannot be done without the closest coördination in using the total resources of the earth. It is true that man's conquest of bread and his struggle for brotherhood have been carried on in the past partly in separation and partly in conflict. When one interest has been left to the state and the other to religion he has made small gains in either, as the history of the World War, its causes and results, will demonstrate. It is

when these two interests have been carried on together that the greatest gains have come. In the small kinship group the need for bread has been recognized as a common concern, to be met by sharing. This way there was more bread for all and when it was short more survived than when dog ate dog. As society enlarged, the need for food has often led to fighting between groups. Today, in the fullness of time, we come to understand the economic futility of war. This conviction coincides with the recognition of the need and opportunity to organize our food supply—and presently the rest of our basic necessities—on a world scale. The machine has brought us to the place where its fullest use to lighten the burdens of man calls for the extension of the mutual-aid morality of the smaller group to the larger combinations of population. Thus practical interests join with the call of the ideal in stimulating manhood to achieve brotherhood. Science and religion have here met together; the need for a higher standard of living and the urge for fellowship now salute each other. From the day when man first scratched the soil for food to the day of world markets, economic efficiency has depended upon the increase of comradeship. Our traditional economics continually instructs its students that neither agriculture nor trade may develop without law and order to protect men in the enjoyment of the fruits of their labor. It has not yet so well learned that there can be no significant increase of production without more sharing of the product. The extension of the economic process through the development of the means of intercom-

munication is throwing the weight of that process upon the side of the ethical values whose development the prophets and Jesus declared to be the chief function of religion. The economic order now needs them for its completion.

This is true only when the economic situation is viewed scientifically—that is, with an eye solely on the technical improvement of our economic institutions. When it is seen from the standpoint of finance —with a view to the largest and quickest profits— the story runs differently. Veblen has elaborated the distinction between the technical organization of machine industry and the system of business enterprise that has been superimposed upon it. The latest developments in the control of industry for purposes of finance confirm his description of how the demands of the seekers after profit tend to diverge from the desires of the technical managers of production, who are more subject to the urge of the craftsman to do as good a job as possible. When the engineers are speaking from the pure dictates of science, with no compulsion from dividends, they tell us that the further intelligent coördination of human lives after the manner of the machine, but in voluntary and chosen forms, is necessary for the increase of production. The harmony of the machine requires a similar harmony of human lives. Thus the technicians move also toward that goal of solidarity which the ethic of Jesus seeks, and of which the oppressed and disinherited do dream. That is why it is time for science and religion to make common cause against the ex-

ploitation of the resources of nature and the labor power of man by the spirit of money making.

From the technical point of view, because further improvement in mechanism requires more human coöperation, the attempt to separate economics and ethics is short-sighted; the verdict that the ethic of Jesus will not work has ignored the most important evidence; the demand that social morality be subordinated to economic necessity interpreted in terms of profit and dividends is suicidal. As a matter of fact, the economic process never has been, and never can be, separate from the broader issues of social morality and the deeper issue of the ends of man's brief and tragic activities upon this planet. As soon as man begins to sustain himself, the moment that he turns to nature for his nourishment and shelter, he raises the basic moral questions of his obligation to the universe and to his fellows. The question of conservation of natural resources is not simply a matter of obligation to future generations. It involves the issue of what man is doing to nature—mutilating or improving, defiling or beautifying it; involves also the question of the purposes for which he is using its energy, before which in some of his noblest moments he has paused in wonder, in awe, and finally in trust, leaving the gods he had made with his own hands for one who could at least challenge the undiscovered within him. Therefore, in the technical period, for scientists to abandon the moral and religious realm in their search for truth is worse than it was for the ascetics to run away from the practical

world in their search for holiness. Each tactic is equally futile, but at least the dwellers in caves and cells had the excuse of unavoidable ignorance.

In view of the kind of human engineering required by modern industrial organization, the contention that social morality is bad economics contradicts both the evidence and the nature of human society. Instead of being out of tune with economic necessity, as was ecclesiastical morality at the end of the Middle Ages, the ethic of our religion is now needed for economic fulfillment. It points the way to the only possible economic morality for a machine age. Moreover, it has a scale of values that puts economic pursuits in their place. "For a man's life consisteth not in the abundance of the things he possesseth." It offers man emancipation from both the bondage of the machine and the slavery of money-making.

This coincidence of the ideal and the practical is unusual in history. Ogburn has described how culture—the body of ideas that makes the substance of the intellectual world—lags behind practical improvements because of the time it takes to emancipate the mind from the grip of the dead idea, to adapt itself to the possibilities of the new discovery. But practice also lags behind both the idea and the fact. Thus, in the day of tractors, the oxcart is still unprofitably used in some parts of this country. Also some of our citizens pay several times what their neighbors in Ontario pay for electric light and power derived from the same source because they believe that private ownership and administration of public utilities is the most efficient form. Furthermore the

imagination outleaps both culture and practice, particularly the ethical imagination. Those who see what ought to be, show us what may be. But usually they are born out of due time and their counsel is scorned as folly by practical men. Now the doers need the vision of the seers or their deeds fail. For some time there has been warfare between religion and science over the question of the nature and meaning of the physical universe. Now an ethical religion and applied science have the same necessity and goal in human welfare. The religious imagination looking for a more ethical world requires the best use of the physical universe to aid human life to develop, which is exactly what science demands in order to fulfill itself. When practical necessity and the ideal thus meet, a great advance is possible for humanity, or an equally great disaster.

On the one hand is the fact which provides the main theme for H. G. Wells, that we know so much more than we do; that the outlines of a better world are in the heads of the technicians but the working plans are not drawn. The lesser corollary is that even our money-making world is so much better than the dogma of competitive profit-seeking by which it swears, than the ideas concerning human nature and its destiny by which it has been trained, and in the name of which it declares impossible both the ethical demands of Jesus and the practical demands of science. On the other hand there is the possibility that these ideas of the necessity and virtue of strife and power holding over from the world of want and fear, in which man without the aid of the machine

fought so pitifully against both nature and himself, may hold him back from the moral and practical gains that lie now within his grasp, and lead him once again into the desert even though that trail is fully marked with sufficient bones of other equally stupid generations. It is this set of ideas which offers the challenge of an inreconcilable antagonism to the ethic of Jesus, which assumes to subordinate social morality to alleged economic necessity. It is their validity, then, that needs to be examined.

CHAPTER II

A Sterile Philosophy

This capitalistic industrialism whose spokesmen reject the ethic of Jesus as unworkable is both a set of practical arrangements and a body of ideas. It has now become the manner of life of the larger Western nations, and like all folkways long enough established it has worked out its philosophy. As always, this offers both an explanation and a justification for the current way of living. Indeed, it has acquired some of the characteristics of a religion as changes in economic procedure and in the art of living have made some of its basic propositions to be mostly articles of faith, blindly accepted and passionately defended. As with any philosophy or religion when life moves away from it, the element of explanation decreases and that of justification increases. Now that economic institutions are changing so that the traditional body of economic doctrine no longer adequately describes them, it is the more tenaciously held by the faithful, because it supplies a sanction for established ways and a balm for the irritated conscience.

It is this view of life, this set of ideas, that really

constitutes the capitalistic system—that familiar term in current controversy. In the economic textbooks the word capitalism seldom occurs, and a definition is still harder to find. That has been left for the socialist to do by antithesis. He usually makes its essential feature the separation between ownership and use of the tools and appliances by which the work of the world is carried on, the division of economic society into owners and wage-earners. But there are other characteristics essential to this type of economic organization—the profit motive, the competitive method, the possession of interest or rent-paying property as the goal of effort and the evidence of a successful life. These entail certain views of human nature and of the values of life. It is this body of ideas which is expounded or assumed in orthodox texts on economic theory in which the term capitalism is noticeably absent or exceedingly scarce.

In practical life there is no clear-cut capitalist system but a conglomerate of differing and changing forms. Individual and collective undertakings of various types are operated side by side, private business for profit is intermingled with public business for use, competitive and coöperative activities cross each other. Instead of being a finished type, early capitalist business enterprise was clearly only a passing anarchistic interlude between the closely organized economic life of the handicraft stage and the still more coördinated organization which the machine makes inevitable, and which the spirit of democracy and the demands of personality alike require. In

Europe, where the flux of industrial life is already crystallizing into its next form, the capitalist modes of activity are losing their predominant place; here they still rule with power. In England the capitalist ideas, which have never been accepted by the older, aristocratic Tories but only by their plutocratic political bedfellows, are now being vigorously criticized and revised by the Liberals who have been their chief exponents and practitioners. But the United States is still possessed and directed by the capitalist mind.

Because of the increase of the agencies of propaganda, a body of economic doctrine which was in the eighteenth century a cult of the intellectuals has now become a philosophy of life for the people. Habituated in its practice by continuous mass action on a grand scale, they are indoctrinated in its tenets by continuous editorials, by popular magazines devoted to its service, and by the multitudinous devices of the advertising man, to say nothing of the more subtle and devious ways of the publicity expert, who has now become "counsel for public relations." It is doubtful if any other explanation of life has ever held such dominance. The millions of India have the pattern of their lives woven by the caste system, those of China by the five relations of Confucius; but can either of them give such explanation of the essential ideas behind these ways of life as can the masses of these United States concerning the efficacy of the freedom to make money through competitive profit-seeking, around which their whole lives are organized and to which most of them are devotedly loyal. Do

they show any such familiarity with the essential ideas of their professed religion, whose dynamic principles are denied by the prevailing economic philosophy? When this issue is joined, which side commands their allegiance?

There were two reasons why this economic philosophy could pass so thoroughly from the universities to the people—its simplicity and its attractiveness. Its essential idea was that self-interest could be relied upon to produce both economic efficiency and economic justice. More than this, it would secure social welfare. If it were only allowed to run free in what was alleged to be its strongest form—the desire to make money—the result would be the greatest good to the greatest number. Was ever so simple and seductive a philosophy presented to man to justify his desires and stimulate his actions? It would seem that the later advocates of self-expression have something to learn from the early economists. They should discover that unlimited indulgence in the hunger or sex impulse makes for health. For the teaching of the masters of the dismal science, which the grim Carlyle dismissed as the stomach philosophy, was that to let the economic appetites go without restraint would result in both economic efficiency and social well-being. To let the strong acquire all the wealth and economic power they could would benefit all the rest more than any other economic arrangement. Selfishness was justified and greed was sanctified in the sacred name of science.

The founders of this philosophy did not, like their lesser disciples, reject morality; they appropriated it.

It was not the end but the methods of the canon law and the guilds that they rebelled against. They too had a vision of the continuing society. But it was to come by way of the abundance of goods with which the stupid restraints of the canon law and the guild regulations were interfering. For abundance of goods was to be secured by plenty of money-making. Government interference with that was not only unwise but positively wrong; social control was undesirable, and even self-discipline was by inference unnecessary. There were other checks and balances for greed. The one condition of both economic prosperity and social development was to let self-interest have its head. Then both economic needs and ethical desires would be satisfied.

The impossible dilemma between economic efficiency and social morality did not exist for the early industrialists. They identified the chief moral values of the society of their day—freedom and justice—with economic development under the competitive price and profit system. For them the economic and the social virtues were the same. Religion had not yet confronted them with the ethic of Jesus and its demand for a better method than conflict, its expression of the long-developed and universal urge toward the solidarity of mankind. Before that arose, they had to reckon with what was left of the social conscience of the feudal world. To answer its question of what competition and profit were doing to the community life, they developed the ingenious hypothesis of automatic harmony between self-interest and the common good.

This system of ideas, which is really too simple to be a system, ruled the life of Great Britain unchallenged for over a century. Not until Ruskin were its ethics seriously questioned. Here in the United States, invigorated by our frontier environment, it continues all-powerful. It still provides a considerable section of our economists, most of our press and politicians, practically all the business men, and the masses with a clear and simple picture in their heads concerning the working of our complicated economy and a moral justification for it. Let there be as little interference as possible with the opportunity of every man to make or lose all the money he can, and all will then be well. Automatically economic law will see that each for himself will result in each for all and all for each. The more the rich make for themselves the more there will be for the rest of us. To that end have we not reduced their surtaxes, and are we not seriously considering repealing the inheritance tax upon their great fortunes? Our motto is, "Let greed be unrestrained," and a beneficent Providence working through inexorable economic law will see that we come to no harm but achieve all good.

Rarely in the story of the race has there been such a unified intellectual background for the common life as this economic doctrine has furnished the Anglo-Saxon people since the rise of industrialism. Seldom since man began to reflect upon his ways has there been such moral certainty that desirable results could be secured from following so simple a formula. Under its shelter, without any more moral questioning than the Goths in their plundering, the British

have appropriated a goodly portion of the earth, serene in the belief that it was all for the good of everybody, that they were instruments of Providence —the laborers in the vineyard of the Lord of course not being unworthy of their hire. Now with even more moral fervor the Americans take up the white man's burden, and are willing to carry it as long as the dividends are forthcoming. Having under the impulse of money-making largely denuded and disemboweled a continent, confident that this was progress because it made money and the things that money brings, the American people are now proceeding by the process of investing the results abroad, as one of their financial journals informs them, to acquire a million or two serfs to work for them.

A young English economist not long since analyzed the traditional economics from an ethical point of view. He finds that "the system stood on three legs —self-interest, equality of opportunity, freedom of exchange. It promised three things—wealth, liberty, justice." Naturally the dominant emphasis is upon freedom. This is the key to the rest. By freedom of exchange and equality of opportunity, that is, freedom to make money, both wealth and justice were to come. In this emphasis upon liberty was registered all the smashing of controls that was effected by the break-up of the medieval world. Authority was dead for the time being. In place of the absolute monarch there was the sovereign voter; competing with the state church were voluntary religious societies; freedom of contract was breaking up social status; the freedom of opportunity that came with

the trade routes, the factories, and the settling of uninhabited parts of the earth was prying multitudes loose from their settled place in a fixed order. Naturally, then, this new freedom acquired the authority of a divine order for those who through it became prosperous enough to win a new place and stake in society. Inevitably the new way of doing things was in due course buttressed by religion. Bishops and archbishops, evangelical and unitarian theologians, alike arose to declare that interference with freedom to make money by either state or church would be dangerous to the well-being of society.

All this can be read in detail in the pages of Tawney and in the briefer account of *Laissez Faire* by Keynes. An interesting corollary is the fact that the churches, having put God on the side of self-interest in economics, found themselves in this matter allies with their sworn enemies, the apostles of natural selection. If theologians could prove that God was on the side of natural law in the matter of economic freedom for money-making, scientists could demonstrate that nature without God sustained this new world of freedom. If success in the struggle for economic survival is a mark of God's favor, is it not a sign also of the effectiveness of natural law? The elect are also the select. That is to say, any interpretation of life will do in a pinch to rationalize a change, to justify newly won privilege.

All these tendencies were reënforced in the United States by the natural individualism of the conquerors of a continent, the inevitable attitudes of pioneers and settlers. They stood on their own feet, viewed gov-

ernment as only a necessary evil, and easily made the axiom that the best government is that which governs least. This was also the natural temper for those who started to turn the resources of a continent into profits. For them too, in a different sense, the best government was that which interfered the least with money-making. For such experience the doctrine of laissez faire came as the coin minted for the need. Here it needed no defense. There were no voices of protest, left over from an earlier community life, to be hushed. Consequently, while the doctrine of laissez faire may be dead in England, where it was born before the French named it, in the United States it is still full of vigor. Such is its hold on both the academic mind and the public that, when recently two of our more liberal economists published a suggested solution for the bituminous coal problem which involved a monopolistic corporation with limited earnings and compulsory powers to purchase properties and prevent outside competition, they called it a decree to permit laissez faire to operate as those who first formulated and advocated that doctrine thought it would operate. If, as Keynes tells us, there are circles in the financial headquarters of England where to suggest social action for the public good would be deemed immoral, we have some here where such words are counted irreligious and even blasphemous, where any proposal to exercise the common control in restraint of the activities of greed is met by the damning epithet "Socialistic." Thereafter discussion ceases; the mind then quits functioning, the emotions of fear and hate take its place. And this in the face

of enormous and increasing collective activities in education, health, highways, postal service, power developments, forestry, parks, bridges, and numerous other public necessities.

As the French use the term "laissez faire," it meant just what the modern American means when he asks that the government keep out of business. Regulations imposed by absolute monarchs to fatten their revenues had stifled trade. Let the state now keep its hands off and the national well-being would be quickly found by the manufacturers and merchants who were opening up and supplying the new markets! This has been the working philosophy of political liberalism ever since; indeed, Keynes lays its inception to the political philosophers. He does not find the doctrine definitely stated in the original classic economists—Adam Smith, Ricardo, Malthus. Its development in the economic field he ascribes to their later popularizers. He also ascribes to the utilitarian philosophers and the leading theologians of the day the formulation of "the obvious and simple system of natural liberty" which Smith so effectively advocated. But the alibi is not complete. Smith did more than advocate natural liberty in general. He interpreted that thesis in terms of economic activities. As Collier truly summarizes, Smith's "whole argument is that if everyone can exchange where and how he likes with a single eye to his own profits the wealth of the world will be enormously and quickly increased." Therefore his main idea is accurately expressed in the French phrase "*Laissez faire et laissez aller*"—let a man make and let a man go, or in other words, let a

man make what he pleases and sell it where he pleases.

Inevitably such a doctrine became in the hands of lesser exponents, and particularly in the hands of its practitioners, the claim of unlimited freedom for money-making. This was a dangerous enough creed for men who were heirs to the producers tradition, and habituated to the morality of the farmer and craftsman. For the trader, whose basic principle it is to take what advantage the market may afford, it becomes disastrous. Particularly, when used by the middlemen of the money market, does it conceal and justify all sorts of anti-social profit. Was not Smith's great book—the Bible of the classic economists—entitled *The Wealth of Nations*? But what kind of wealth has been produced in the nations that have practiced its doctrines? And by what proportion of the population is it owned?

Adam Smith himself had some doubts about the outcome of unrestrained selfishness, and in a famous passage he questions whether machines have really brought any benefit to the working people. To still these doubts, his expositors later developed the doctrine of automatic harmony between the private interest and the public good. In its refined form this dogma becomes the claim that unlimited opportunity for money-making is the strongest incentive to maximum effort—the justification of the profit motive. Underneath the assumption that the fullest freedom to make money will produce the greatest aggregate wealth is the more basic hypothesis that this kind of wealth—that is, goods and comforts—is of the greatest advantage or satisfaction to man. If this assumed

harmony between the private and public interest breaks down, then the thesis of the profit motive is left without sufficient support.

Without the moral justification of its offspring—the assumption of absolute harmony between the private advantage and the public weal—the doctrine of laissez faire could not have satisfied the conscience of either eighteenth- or nineteenth-century England. The economists had to reckon with the deposit in commercial life made by the Puritan, who did business in the sight of God. They were under the necessity of accommodating their policy of letting money-making alone to the hangover in tradition and sentiment of the social control of the medieval world, and to that feel for a consciously controlled social order which has been bred in the bones of the race from the days of the first tribe. Also they were under bonds to adapt the new freedom to the necessity of order. In any social scheme the basic problem is the reconciliation of the individual and the world, not the ego and alter as our limited individualism has posed it, but the person and the community. The early economists grappled with this problem. With all their emphasis upon personal liberty, they did not forget, as many of their successors have done, that the term economics came from two Greek words which mean the law, or ordering, of the household. They were strong for justice, none stronger than Adam Smith himself. Freedom of exchange and free competition were to provide equality of opportunity. Everyone was to get the exact equivalent of his effort. Hence it is superstition, not science, to talk about

keeping economics and ethics separate. From its inception our political economy has been busy furnishing moral justification for what business was doing or wanted to do. By the pursuit of private profit the early economists saw the beloved community in process of creation.

And from that process God was not absent. Every student of economics knows that famous lyric phrase of Adam Smith in which he was so moved by the magic results of the new industry that he saw the guidance of an invisible hand bringing order out of the chaos of unplanned and uncontrolled individual effort; and that equally famous paragraph of Bastiat in which Providence is beheld combining and moving in harmony free agents as well as inert molecules. All, then, that is necessary to the achievement of a social order is that the peaceful tendencies of humanity be not disturbed. In this line of succession an American teacher of economics has just informed the world that capitalism means the absence of force, that is, no interference with money-makers either by robbers or state.

The course of development of what may properly be called theological economics, by way of this hypothesis of harmony between the pursuit of private profit and the realization of the good life for all, is from natural liberty to natural law, and thence to divine law. The divine order which the philosophers and theologians discovered in other ways the economists worked out by transforming the natural right to be free to make money into a divine law, because it worked so well—at least for those who made the

money and those who wrote about it. This explanation took away the sordidness of the proceeding. It transformed, at least on paper, what was really political and economic anarchy into the divine order. In due time it gave us the divine right of the money-makers, succeeding the divine right of kings. Also it made selfishness holy and turned money into deity. All this from those magic words natural law—which shows once again the irrepressible tendency of the human mind to fall back on some authority. So those who choke on the word God will for equivalent purposes swallow the term natural law without a quiver. So a goodly company of the economists, just like the religionists whom they warn off their sacred preserves, and the mystics whom they particularly scorn, come to rest in the arms of the eternal. But when they present us Mammon as God, at least he is not unknown, nor unknowable. This outcome raises some question about the scientific status of this kind of economics, since the natural sciences—and also the other social sciences—when they come to grips with the root of their matter, stand face to face with mystery.

Lest there should be any doubts about the existence or efficiency of the tutelary deity of money-making, his power was later reënforced by the concept of inexorable economic law. This idea completed the circle of automatic operations under which the present economic order is a fixed and finished product. The perfect work of the Providence who so over-rules the selfishness of man by guiding it to a beneficent result is to arrange the economic nature of the world

and man from the beginning so that our modern way of meeting our economic needs is in its basic outlines unalterable. This concept did for the antagonism between social morality and money-making economics what the discovery of certain theologians that God created the world through the evolutionary process did for the conflict between religion and science. Yet the textbooks of American economists can be searched in vain for any demonstration of the inexorability of alleged economic laws. In the face of present controls of the market they can make only a passing obeisance to that dread figure supply and demand. Their last and only refuge is the broad statement that competition is an inexorable law, but competition to-day is obviously a multitude of things. The only way to give it meaning as a law is to draw up some formulae concerning its operation, and these would have to be purely hypothetical.

Yet inexorable economic law is constantly drafted for deadly duty in preventing change. Notably it has been called to the front to stop efforts to raise wages. By hypothesis the proportionate claim upon the pool of income of the various participants in its production is in a fixed ratio. Therefore it is unalterable law that the portion of labor can be increased only by increasing the productivity of labor, and only to that degree, which means that the wage earner must always stay in the same relative position. But since that hypothesis was made we have a growing body of statistics showing frequent shifts in the proportionate income of various economic groups and in the ratio between the real wages of labor and its

per capita production. Also we have much talk about the high wages paid by the new and reformed capitalism. Nevertheless, to most proposals for lessening the disparity and inequity in our present distribution of income there will be a solid chorus of protest from editorial writers, who were taught in their sophomore days the unprovable hypothesis of a fixed income ratio, invoking inexorable economic law and prophesying the disaster that will fall upon us if this sacred cow be touched. There would seem to be some contradiction here between the freedom promised in the early days of this philosophy and this immovable limitation to man's actions. But the inconsistency lessens when it is seen that both freedom for money-making and inexorable economic law work to the advantage of the successful in the economic warfare, and therefore by the hypothesis of harmony between self-interest and the common welfare they also work to the good of all.

It is in this new working philosophy of life, which has been diffused throughout modern industrial society, that the main challenge to the ethic of Jesus lies. Economists and business men trained in such a school of thought naturally doubt the workability of his teachings. If this philosophy works, then obviously the ethic of Jesus will not work; for they are opposites. How can the teaching of the Nazarene work in a world which is actuated by this manner of thinking? The morality of Jesus is a social morality. Let it be granted that he was primarily interested in the individual, because the individual has been somewhat overlooked and often unduly subordinated to

the community in that line of experience and religious development of which he was the fulfillment, because also his nation had lost its sovereignty and was losing its community life. Nevertheless, as a Jew he could not be, and as the record shows he was not, indifferent to the future of his nation, whose fate was then at hand. As the successor to the law and prophets, he could not think of the individual save as a part of the community, a member of the family of Israel. Their ethical religion, which he fulfilled, put divine sanction behind the moral values created in family, tribal, and village life; declared them what the sociologists have later demonstrated them to be, the guiding and sustaining forces for human organization. Also there is good ground for holding that Jesus' hope for the salvation of Israel was that, by exemplifying and developing in their relations with other peoples that truly social morality which the prophets had urged upon them, his nation would fulfill its destiny in the world as the servant of mankind. Certainly the idea of the Kingdom—or reign—of God, whether viewed as an apocalyptic future event or as a gradual present development, involves community living; it is an organized commonwealth.

Whatever may be held on the moot question of Jesus' own view on particular matters, it is beyond dispute that his teaching has developed historic force equivalent to its historic background. Because of the permanent and universal elements of social morality that it contains, it has persistently held the imagination and evoked the effort of man to develop it in many places and situations. And it leads in the oppo-

site direction from the industrialist philosophy of the beneficence of self-interest, the automatic operation of greed for the common good. Like all creative religious leaders, Jesus particularly and emphatically warns men against the acquisitive spirit, in which our current economic morality puts its trust, as the greatest menace to human development. By his precepts the individual, instead of letting his self-interest go, is to restrain his egotism and harness it to the needs of others. The strong—he himself giving the supreme example—is to be servant, not ruler. Instead of society finding its well-being through its constituent individuals pursuing their self-interest—which is the core of our economic philosophy—the individual is to find his realization through the conscious service of others, and thus society is to be fashioned indissolubly by mutual aid. It is because our religion, with this kind of social morality committed to it for development, has permitted an economic philosophy which rationalizes and glorifies greed and power to become a popular cult, that it now finds itself on the way to being ruled out of the practical world, or to become once again court chaplain to the rulers of this world. It is then high time for it to inquire whether the facts of life correspond to the picture which traditional economics has put in the heads of the people. Is our economic philosophy producing the values it claimed to develop?

Justice, freedom, and wealth are the three social benefits which were promised the modern world under the practice of the economic philosophy of capitalism. Justice was held to lie in the exchange of

every article according to the amount of effort put into it, which is effected in the normal and uncontrolled operations of the market. Exchange value was also declared to be a perfect measure of the worth of goods and services to society. The market rate is an infallible scale of social values. So, by the price system, automatic justice is done to both producer and consumer. Also, this process accomplishes a perfect adjustment of efforts to wants. Each article will get to the person who desires it most, just as if he had been compelled to make it himself in order to get it. In *Profits*, Foster and Catchings have expanded into almost lyric ecstasy over what seems to them the perfect democracy of the operation of the consumer's dollar in the market as compared with the results of his vote at the polls. But the reader who takes up *Your Money's Worth*, by Chase and Schlink, and learns how much the advertiser, the trade association, and the trust manage to interfere with the workings of the consumer's dollar and to keep it from bringing him as much as it brings them will find it hard to join in the chorus. It is an unescapable fact that a large part of the population both wants and needs more food and clothes and better housing, is willing to make the necessary effort, and has the combined capacity to produce these things. In a pioneer situation, where their own effort could be applied directly to natural resources, they would not be without them; but today they are prevented from having them by the imperfections of a market operating under the price and profit system. Economic justice, like her legal relative, is blind in more ways than one.

In view of the size of the area in which there is little or no relation between effort and the satisfaction of wants, in which things go to people who have made no effort to get them and may not want them, and are withheld from those who strive for them fiercely and desire them ardently, the proclaimers of capitalist justice are forced to fall back upon the more general claim that the system never fails to assure to each man the result of his effort. If he does not get what he wants and needs, it is because his efforts have been insufficient or misdirected. But the more complex our economic procedure becomes, the greater the division of labor and the extent of unconscious cooperation between different parts of mankind in making goods and getting them to the market, the more unreal is both this language and the concept behind it.

Who knows what is the effort of the various participants in one of our corporate undertakings? Where are the standards of measurement for the contribution of any worker to one of our collectively manufactured products? What is the ground of comparison between the effort put into the production of bituminous coal and the returns taken out by a miner and by the inheritor of capital who has invested it in one of the recent combinations in that field? Who measures the comparative worth and reward of the inventor and the promoter? To decide the value of their respective activities by what society is willing to pay them is to beg the whole question. On that basis the bootlegger is of higher social value than the scientist. The people who are said to be worth the big salaries because they can get them are not voted them

by the consumer but by the stockholders whose profits they increase, often at the consumer's expense. They are worth these big incomes as money-makers, not as public servants. Since present economic goods and services are so collective in their nature that it becomes increasingly difficult, if not impossible, to determine either the effort or the product of the individual, the issue of justice gets pushed back to the general question of the distribution of income and its social consequences. And who is able successfully to defend, on the score of either justice or social well-being, the present distribution of income in any modern industrial country?

The next stand of the defenders of a competitive money-making economy is that at least there is equality of opportunity. Here justice is combined with freedom. Is the point, then, that if the game be plunder it is justified as long as there is equality of plunder? Nowhere is this claim of equality in the competitive struggle more naïvely held than among us. "Every boy a chance to be a millionaire" has replaced our older, simpler cry, "Every boy a chance to be President." The historic fact behind this slogan is of course that when industrialism opened new markets it opened the way to wealth and power for classes which were kept down in feudalism; then the settling of new continents increased that opportunity, which is now diminishing as the resources of the world get appropriated and its markets occupied, while in each nation the positions of advantage are held by corporations and inherited wealth. With this shrinkage of opportunity for the creation of new wealth,

equality of opportunity for money-making—which still largely exists in the younger industrial nations—becomes more and more of an unreality. As between the children of the back streets of a mill town or mining town and the children of Park Avenue, it is ridiculous to talk about it. When it comes to the opportunity for health, culture, and moral development, the odds are with the children of that section of the educated middle class which still retains simple standards of living. In those matters the children of both Park Avenue and the back streets have an unequal opportunity.

Yet this is the only freedom that really matters—freedom of access to the good life. Under freedom of exchange, this was assumed to result. The open market was to bring about approximate equality of opportunity for income and property, and this was to secure political freedom, with freedom to secure culture following in its train. So our great democrats argued for approximate equality of ownership as the base of a free citizenry. To this end were fashioned our land policy and our educational scheme. That these measures were right is apparent from the fact that with inequality of property has come the nullification of political liberty by party machines, and then its repression whenever and wherever protest has become threatening. At the same time cultural opportunity is increasingly apportioned according to income, as the cost of higher education mounts. Meanwhile, what is happening to freedom of exchange? How much of the market is controlled by combinations of one sort and another? The conduct

of the industrialists in this direction is now being attempted by the farmers, as they learn the methods of mass production and coöperative marketing. In such a situation the individual falls into line or is pushed to one side. He becomes an employee or a unit in an organization. In all enterprises where combination is possible the small man is now virtually under orders. In large and growing areas the workers' freedom of contract is freedom to take the terms offered or starve. In many trades he must belong to a union or go idle; in others he must sign a contract not to belong or lose his job. Even teachers must now do this in some places or find their contract unrenewed and themselves automatically blacklisted by the employment agencies.

Complete freedom of exchange for goods and services does not exist and never has. It is an idyllic myth. As critical economists have pointed out, such freedom presupposes equality of access to the market and equality in fore-knowledge of conditions, both of which are impossible. Today, as powerfully organized groups strive for control of the market and secure inside knowledge of conditions, the area of freedom necessarily diminishes. From now on it is an ordered world that we live in. The only question is who shall order it; and to what ends? Will the individual discover in association that real freedom for the expression of his personality which the classic economic philosophy assumed would follow from freedom to make money, since it now appears to be unattainable by that method.

Whatever may have happened under the price and

profit system to its boasted moral values—freedom and justice—its advocates insist that at least the practice of their economic philosophy has brought us wealth. This is its final claim to respectability. Leaving in the background for the time being the question of whether economic goods and capacity really constitute wealth, let it be remembered that the wealth of nations which Adam Smith wrote about meant plenty for all. The stream of goods, conveniences, and comforts that the new industry was pouring out was to flow throughout the land and to find its way down to the subsoil of human society to produce a better crop of human beings. If he was moved later to cry out against the mutilation of the lives of the workers that accompanied this enlarged production of wealth, what would Adam Smith have said to our making millionaires by the thousand while we leave millions on or below the line of a health and comfort standard of living? For these people, as for a large section of the middle class with a fixed income, our impressive figures about the increase in per capita wealth are as meaningless and unreal as the nebular hypothesis. For them and for their children these figures mostly represent something owed, not owned, as Soddy, following some earlier critics of the methods of the acquisitive society, has recently pointed out. The main result of their economic activities is, as it was in simpler form for the peons in Mexico until the new constitution changed the situation, the acquisition of debt not wealth. At the same time for those who own the right to collect these debts and are troubled about it, our statistical tables concerning the

increase of national wealth provide a tragic illusion. While it is true that the poor do not grow poorer, yet the rich do grow richer and thereby the sickness of the acquisitive society is increased—its debilitating and demoralizing luxury, its laziness and waste diffused by imitation, its envy, illwill, and hate.

Having manifestly failed in solving the problem of distribution, the price and profit system has now to make good its claim to giving us the largest possible aggregate of wealth. Its inherent sabotage of labor energy, of goods, and of human and natural resources has been abundently documented for Great Britain by the Webbs, and for this country by Veblen and by Chase. This aspect of its operations is described by Tawney as the nemesis of industrialism, and no defender of competitive profit-seeking has yet shown us how the fate can be avoided if this method is to continue.

The lament of employers concerning the decay of the will to work and of consumers concerning the decrease in quality daily grows louder. Nobody has yet shown how either product or wages can be brought up in face of the growing demand for speculative profits. As the voracious appetite for unearned income exhausts the early impetus of industrialism toward improvement or change of status for the worker, and at the same time his knowledge of economic facts and history increases, it is inconceivable that he will continue to produce with energy. The man who sees other people making more out of his labors than he does is not for long a willing or even a profitable worker. Keynes, trying to defend and

improve the system, candidly admits: "The conclusion that individuals acting independently for their own advantage will produce the greatest aggregate of wealth depends upon a variety of unreal assumptions. . . ." He points out that "The beauty and simplicity of such a theory are so great that it is easy to forget that it follows not from the actual facts, but from an incomplete hypothesis introduced for the sake of simplicity."

So then our prevailing economic philosophy is no longer even a description, let alone an explanation, of the facts, and this intellectual discrepancy is itself an immoral circumstance. Therefore when the traditional economics is examined by a man like Soddy, who has acquired eminence by practicing the methods of the exact sciences, it is not to be wondered at that he manifests scorn and ridicule. Two of the three legs of this system are gone—freedom of exchange and equality of opportunity. There remains self-interest, more powerful than ever through its entrenchment in ownership and law. But its intellectual support is slackening, so this leg too begins to limp. The moral strength of this system was its assumption that there was a harmony, automatic and complete, between the pursuit of private gain and the public good. It is easy to see how and why this hypothesis was developed in England in the attempt to reconcile the mind and conscience formed in a long effort at community living with the new and anarchistic economic individualism. But how could such a theory remain in the public prints or the public mind, or continue without frontal attack in the universities of

this country after the evidence we have had of its falsity. The story of our land grants, timber, coal, agriculture, oil, water power is one long, loud demonstration of the antagonism between financial self-interest and the public good, which cannot be offset by any returns to the community that have been collateral with our earlier money-making. Whether or not these general benefits were the result of other factors has never yet been sufficiently examined.

It is just because of the demonstrated social disservice of self-interest, on account of the corruption, the waste, the inhumanity it has produced, that we have had to interfere with that freedom of money-making which was supposed to be required and justified by an opposite result. From factory legislation to government regulation of public utilities, we have been compelled to take away the expression of self-interest required by the laissez faire theory, because of its intolerable damage to the public good. The Federal Reserve System is our latest interference with self-interest, necessitated by the fact that the actions of speculators in the money market hasten and heighten both panics and depressions even against their own ultimate financial welfare. Such is the degree of the intelligence developed by self-interest.

In England, Keynes tells us, "Some of the most important work of Alfred Marshall was directed to the elucidation of the leading cases in which private interest and social interest are not harmonious." He himself concludes that "The world is not so governed from above that private and social interest coincide. It is not so managed here below. . . ." Yet this as-

sumed harmony between personal financial gains and the common well-being still provides the defense of the profit motive, of the recent fiscal policy of the United States, of unlimited property and income, of the inequality and inhumanity and stupidity of our present living conditions. It is the barrier of those who have against the rising tide of those who want, against also their own conscience and intelligence. How much of the dangerous fact that the American people have developed no such inventiveness in the human sciences as they have shown in the field of the natural sciences is due to the paralyzing infection of this doctrine that the improvement of society could be secured indirectly by way of money-making? Like any other article of faith which cannot be squared with the facts and so is unable to provide a reason for itself, it tends to inhibit purposeful action.

The reason of course that this dogma has become so popular and so powerful, in the face of the evidence of its falsity, is that it gives release to those powerful predatory tendencies in human nature which morality and religion have always sought to control. It becomes the foundation of another gospel of privilege. It relieves those who accept it from both the moral struggle of life and the responsibility for any untoward results of their acts or policies. Under this theory Providence cannot fail to over-rule evil for good, and man need not struggle for his economic salvation; it comes by faith without any works, except those which are for his own profit. Thus is abolished that spiritual conflict between the lower and higher self, the private interest and the public good,

in which life is realized. It is as unethical a dogma as that which has enabled the church at times to absolve sins or proclaim them washed away by the sacrificial blood of another, regardless of their abandonment or the elimination of their social consequences. Yet among us this vicious formula has received no such attack from the ranks of the economists as its correlative religious doctrine has met from some theologians.

It must be the intellectual corrosion as well as the moral deception of this lie about harmony between financial self-interest and the common good which accounts for the extent to which the freedom of laissez faire is assumed in this country in the face of our mounting mass of regulation and control, and also for the fact that we still with a grave face can write or talk about inexorable economic law. That term carries a different connotation in the human sciences than it does in those which deal with the physical universe. In both places it is descriptive rather than prescriptive. It tells what will happen under certain circumstances. In the physical sciences, man is given the choice of adjusting himself to the demonstrated sequences of cause and effect or taking the consequences. But in the human sciences he is himself the fact under observation, he makes the sequences. Hence here the only validity of so-called scientific law is to declare that as long as we choose to act in certain kinds of relationships certain results are predictable, certain sequences unavoidable. But what kind of relationships we shall live and work in is sufficiently within our choice to take away the in-

exorability from economic law. The climate sets certain limits to economic development for the people who live in it, but does not prescribe the manner of that which is possible. Within the price system certain laws can be set down regarding operations, but it is today our choice whether we continue the price system or develop production and distribution on the basis of measurements and plan. As Collier properly says, "Economic law begins with the market and ends with the market. It begins with exchange and ends with exchange." But, he points out, the world can, as it began to do in war time, ration itself if it desires, at least in basic commodities.

Therefore the term inexorable economic law is unwarranted. It is only another superstitious formula preventing the workings of the intelligence and the acceptance of moral responsibility. When it is invoked to forestall interference by the public with the conduct of those who are effectively preventing such operation of supply and demand as is still possible, by manipulating and controlling the market—including labor—to their own advantage, it is only another instance of how a superstition is maintained beyond its time because it is advantageous to its official custodians.

In reality the assertion of the infallibility of blind self-interest, of the effectiveness of competitive money-making in supplying society with its needed goods and services, instead of being supported by inexorable economic law is the denial of the possibility of law in any scientific sense. The first postulate of science is the orderliness of the universe, which

involves the belief that this orderliness is discoverable by man. For any science that deals with the human aspect of the universe this means the belief that orderliness can be achieved. It is not there to be discovered as in the physical realm, but it is possible of realization or there can be no scientific way of life. Yet in the year of grace 1927 an American economist was writing: "Capitalism relies upon the unconscious automatic functioning of the markets. Under this system . . . the tendency is for an automatic balance to be maintained. . . . A social order is created, a social coöperation is worked out, largely unconscious and largely automatic, under the impersonal forces of market prices and wages. The ability to understand the highly intricate economic life of today does not exist." And this was acclaimed by leaders of finance and their organs as an effective answer to Socialism. Surely such abdication of the intelligence, such powerful faith in the virtue of ignorance, ought not to be called a science. It should rather be classified with that type of theology which is engaged in fighting evolution. Did any religion, even in pre-scientific days, ever put a bigger load upon its God or so effectively inhibit the human will?

The extent to which the doctrine of laissez faire, in its extreme form of the harmony between private profit and public gain, still dominates American life, including the colleges, is evidence of the powerful reënforcement it got from the opening up of this continent. Keynes points out that in England Cairns wrote in 1870: "The maxim of laissez faire has no scientific basis whatever but is at best a mere handy

rule of practice." Nevertheless he followed this with the admission: "Political economy is generally regarded as a scientific rendering of laissez faire." That is still true in the United States, though all the younger economists of Britain are freely saying that laissez faire is dead, and the recent new industrial program of the Liberal Party may be regarded as the practical recognition of that fact. Here the orthodox school of economists will admit no more than some inconclusive exceptions to the rule that private profit works for public good. They repeat Smith and Ricardo as though the world had never moved since they died. To prove what incorrigible theologians they really are, they proclaim the exceptions to the thesis of automatic harmony in the economic world under the regime of money-making as a fall from grace, and announce their hope of restoring man to his alleged original freedom. As for the press and the politicians, most of them continue to shout the virtues and glories of freedom in money-making. With almost united voice they tell us that the government must keep out of business, despite the fact that wherever it can help business to make money they demand its aid, in the tariff, the granting of ship subsidies, the supplying of scientific knowledge through research and educational institutions supported by public funds. The record of American public life shows a terrific and increasing conflict between private money-making and the public good. The final message to this nation of men as diverse as Theodore Roosevelt and Woodrow Wilson, learned by each of them through bitter experience, was that the real

masters of this nation are the great money-makers and the powerful combinations created to seek profit.

The detailed facts behind such judgments are now being recorded by our younger economists. As they see the contradiction between them and the doctrines they were early taught, they are beginning to say that laissez faire is in a bad way. One of them, who has just published a book entitled the *Social Control of Business*, says: "Business is no longer private. It is not a question whether our great grandfathers were wrong. The thing they defend no longer exits." What, then, follows concerning the justice and the social well-being which were to be produced by this thing that no longer exists—but still has a name to live among us? Is this thing that walks abroad beyond its time leading these other social values also to its grave?

The new economists are making factual studies and building up an economics on a quantitative basis. Some of them apparently hope to change the price and profit system piecemeal, by getting particular parts of it altered to accord with their measurements. But that approach leaves the question of ends untouched. It leaves the public accepting and following an economic philosophy which is untrue to the facts of life, and which encourages a manner of living that in the past has proved disastrous. How far can life be changed by a quantitative method that ignores its basic qualitative values? How far can a system be reformed by dealing with particular situations on a factual basis if there is a lie at the heart of it? And this particular lie concerning the social efficacy of

self-interest has a potency that gives it extreme tenacity of life. Because of what it has brought to those who have been successful in its practice, because also of what it promises to those who will never be able to use it, the doctrine of the social worth of individual money-making has been digging itself in with an unparalleled propaganda even while it destroyed the freedom, the equality of opportunity, and the justice which it promised an earlier generation. For these purposes it has proved itself sterile. More than that, it has developed an increasing capacity for damaging the other functions of human society—family life, education, art, literature, religion—that have shown their ability to develop those moral values by which man lives and grows.

Keynes describes the morality of capitalistic industrialism in the words, "The new ethic being no more than a scientific study of the consequences of rational self-love." But was it ever that? What justification is there for the use of the term rational in connection with self-love, except a set of assumptions which were made before psychology was on the way to be a science or social psychology was even conceived, and which will not stand even a surface view of the facts? Where is there a scientific study of the consequences of self-interest working through competitive profit-making except those actuated by a totally different social morality? When the consequences of "rational self-love," as it is interpreted by the traditional economic philosophy, are examined they turn out to be the opposite of what it assumes and not merely another case of the gap between creed and practice.

Under the stimulus of self-love in the form of money-making we get repression rather than freedom, injustice more than justice, social decay, not social well-being. Thus this economic philosophy which was unsocial in its youth, in its old age becomes anti-social. The final proof of that development is the fact that its defenders not only rest content with the irreconcilable antagonism between its morality and the ethic of Jesus, but they are now willing to abandon even its own moral goal as unobtainable and to rest their case on the alleged benefits in economic goods and services to be derived from its practice. But what kind of morality is that to offer the children of eternity, who more than once have dreamed and wrought a new world into being? It may not say that man is all hog, as Carlyle in impetuous revolt declared it did. But at least it says that his stomach is more imperious than his sense of duty, his bodily comforts more exigent than his ideals.

So then a philosophy which is barren of moral results reduces itself to an hypothesis that human nature is mostly swinish and becomes little more than the horn of the herder calling the pigs to their feed. This presupposition concerning the nature of man is the basic article in the creed of our economic fundamentalists. On it rests the thesis of the profit motive as the most powerful dynamic for economic purposes. If man is not the kind of animal that cares most for goods and comforts, if he will not for them forsake his ideal when it comes to the choice, then the explanation of human activities in terms of the prospect of profit and their assessment in terms of financial

return breaks down. Then the last leg of the classic economic system is gone, for the core of its reliance upon self-interest is its certainty that economic energy is more responsive to the chance to make money than to any other stimulus, that man in the mass will endure the moral shortcomings of our present economic arrangements if only they give him sufficient goods and services. Equally does our traditional economics break down, on its own test and by its own valuation, if it fails to provide mankind with the satisfactions which it declares to be of supreme importance. On its own terms, efficiency at this point is a matter of life and death for our money-making economy. Meantime it is doing its best in multitudinous propaganda to persuade modern man that he is, and to help him become, the unlovely kind of animal its philosophy has pictured him. The latest advertisements of a really great railroad system talk only about the things it provides for its patrons to eat, in terms of the epicure. The insistence of our current economic philosophy that greed is the most powerful characteristic of human nature is its greatest disservice to mankind. Even though its teachings encompass the earth, the sons of men can discover and remedy its sterility in the matter of the essential moral values it promised. But if man by its practice should become the creature it assumes him to be, could he then endure?

CHAPTER III

Does It Work?

Despite the discrepancies between our economic philosophy and the facts, notwithstanding its incapacity to deliver the moral values that it promises, there is an answer to any question or criticism that is generally held to be final: "Anyhow it works." What was once a mystic faith of the few in the power of self-interest to achieve a social order is now a popular dogma, and true to form it acquires authority rather than evidence. Any system of morality has a twofold base for its authority—past experience and present need. One is expressed in custom, law, ideal; the other in immediate sensation. One is historic, the other pragmatic. A scientific ethic will include and harmonize these two aspects. So must the morality of religion. Hence the advocates of the ethic of Jesus must reckon with the claim of the practical man, that capitalistic industrialism, with the morality it embodies, meets his present needs.

So far our money-making economy has delivered sufficient goods to sufficient people to confirm itself in the contention that economic efficiency is more to be desired than a ceaseless struggle after the ideals of

justice and solidarity. Our economic machine is giving the average man the modern equivalent of bread and circuses, but when its final defense is reduced to these terms it is an ominous sign.

The surface facts appear to justify the prosperous person in his stereotyped assertion that prosperity is general. The people who are visible and vocal seem most of them to be comfortable and contented. Everywhere the streets and the trains are full of well-dressed, well-fed folk. Most of those we know have or can have cars, radios, and memberships in clubs or secret orders. But in the back streets of those mill towns where the women have to work nights to keep the family going, in those mining towns where the men have not had a full week's work for years, in those industries where wages are being cut, in those farm sections where tenancy increases or mortgage delinquencies and bank failures multiply, there is another story about how things are working. It is not the part of wisdom to dismiss these situations as exceptional. Textiles were the first handicraft to feel the transforming power of the machine; coal is central to industrialism; agriculture is basic in any society. If these functions begin to fail, it is time to ask whether the malady is contagious for the rest of the acquisitive society.

There is a variant of the claim which affirms the efficiency of our present economic order. It maintains that, whatever the defects of the present system, at least it works better than any other. Among those who have read, or attended lectures, in this field, this claim is not infrequently supported by reference to

something that is supposed to have happened once upon a time in China, Peru, or Jerusalem. But of course there is no basis for comparison between small group experiments in a primitive type of communism or attempts at features of state socialism before the days of the factory, the train, the telegraph, and the wireless, and what goes on in the machine age. All such citations can therefore be dismissed as irrelevant. What our present economic society must face is a comparison between what we have and what is demonstrably possible under a machine technology with our natural resources and our population. Capitalistic industrialism has been running long enough to be tested by its own record and capacities. The only valid comparison with any other situation organized under different ideas is with what is happening in Russia, and that cannot be made conclusively for some years yet.

As a matter of fact there is no clear-cut economic system that can be set over against any other. There are only situations in which the economic activities have been dominated by one set of ideas more than by another. In both Russia and the United States there is a mixture of Socialism and Capitalism, of private initiative and public control, of individual and collective activities in different proportions. Therefore any comparison, to be useful, must trace the working of these several tendencies. The main differences between the two situations are the presence and absence of a plan for the national economy and the reliance upon a different motivation. After a while the different results accruing from these essen-

tially different features can be measured and assessed.

In our own case the "it" that either works or does not work is quite a complicated concern. To begin with our economic process is a large and complex machine for the production and distribution of goods and services. This is surrounded by a network of financial arrangements which sometimes coincides with and sometimes diverges from the needs of the industrial machine. This combination is operated by a twisted group of habits, traditions, loyalties, and ideas. These focus in a rather clear-cut economic philosophy, which however is already considerably modified by facts divergent from those under which it was formulated, also by ideas and ideals which spring from another historic source and lead to different ends for life. All this constitutes our economic procedure, and goes currently under the name of capitalism, though it is now mixed with other forms of economic organization. We have already looked at the nature and consequences of the philosophy and creed of capitalistic industrialism. Later we shall examine the workings of some of its main parts. Our present question is, Does the procedure as a whole operate in a manner sufficiently satisfactory to insure its permanence? To determine this, the fact that it temporarily satisfies the average citizen of these United States is not a sufficient criterion. A view from a larger perspective, over a longer time, must be had.

The way capitalistic industrialism worked for the wage-earners of Britain in its initial stages has been unforgettably portrayed by Karl Marx. The social nature and consequences of its maturity have been

graphically set down by Sidney and Beatrice Webb, and by Bernard Shaw in his latest book. An official report has just admitted that continuously increasing unemployment is the heritage that the price and profit system has brought to modern England. Alongside this stands the devitalization of large sections of the population by unearned income on the one hand and inadequately rewarded labor on the other. But the United States has something to write into the record. Here this way of doing things and thinking about them had at its command the largest and richest unit of the earth's natural resources—land, timber, minerals, and water power. To use these it has had a smaller proportionate population than either Europe or Asia. This fact is the unrecognized background of our foolish and vain boasting concerning our superior attainments in economic efficiency. Once recognized, that underlying fact brings to judgment our ways and works. It provides the supreme test for the price and profit system and for the philosophy of life that is behind it. If that set of arrangements and ideas does not work here, it cannot work anywhere. If it does not work better here than elsewhere, it must possess some inherent defect.

The defenders of the present economic order are standing on solid ground when they point to its practical achievements. Obviously the functional test for any economic procedure is first of all the production and distribution of economic goods. Does it supply them in sufficient quantities to the places where they are most needed? But we expect more than that from our economic institutions; indeed, they require more

of themselves. We demand of any economic arrangements that they satisfy alike our need for goods and conveniences and that desire for justice and fellowship which outlives both hunger and plenty, which persists in comfort after it has endured hardship. Our economic activities must satisfy both stomach and spirit, since the two are inseparable as long as we live. Hence again the futility of trying to keep economics and ethics in separate compartments. Traditional economics departed from the facts of life when it defined wealth exclusively in terms of exchange value, and economic well-being in terms of goods and services. It took Ruskin to call England to her senses and to point out that in its very etymology wealth meant the weal of the people, the kind of human life that was produced, not the amount of goods nor the sum total of profits. Moreover, the more scientific and complex the economic machine becomes, the more its successful working depends upon the kind of people who operate it and upon the relations between them. Without intelligent, willing coöperation our modern economic organization cannot be run successfully. No other social order has made such demands upon loyalty, nor called for so high an order of that basic quality, as the great society that is trying to form itself around the machine.

The realization of this fact is dawning upon our more intelligent men of affairs and they are now talking about the saving and even the cultural wage, holding conferences with employees over conditions of work and with organized labor concerning indus-

trial policies, both because these attitudes satisfy the decent human instincts and because they pay. Philanthropy and four per cent can go along together for a long time, but in assessing the value and prospects of the newer capitalism it must be remembered that there is a point at which the humanizing of industry and the demands of investors for dividends must part company. The rigorous requirements of competitive profit-seeking at once limits the value of this new attempt at coöperation and loyalty by requiring that these virtues be expressed first in a particular money-making organization, so that sometimes they get no further and become a mere shadow of themselves. Success in profit-making does not go as far in its requirement of improved human beings and relationships as does technical efficiency, when the latter is set free from bondage to the money-makers. That much is clear from some industrial experiments in this country in which money-making as an end has been abandoned, and more particularly from the records of some of the European coöperative societies and the factories of Soviet Russia. That a still further advance in loyal and intelligent coöperation, with all that this means for the coöperating individuals, may be secured when the technicians are given a charter to work, not competitively in separate plants or industries but over the whole area of production and distribution, is demonstrated by the results of the Gosplan—the economic planning commission in Russia. The tendency of technical industrialism to require robots disappears when it gets its ends from a social religion.

It is the requirements of profit-making that develop technical improvements at the cost of human well-being. In the early days of the factory system the wage-earners paid with their lives most of the price for the increased efficiency and comfort that came to society at large by way of the machine. Now in the maturity of industrialism in this country they are being confronted with technological unemployment. In one industry after another, the increased productivity due to improved processes means that fewer workers are needed. Also there is now no such room in the world for expansion of markets as there was at the beginning of the industrial era, whose experience is cited to justify that comfortable evasion of the problem by the middle class which says that more workers will be wanted in the end. Moreover, many of the improved processes require higher speed and more concentration, with the result that the worker is prematurely exhausted and then turned out into a world in which no provision has been made for him.

Further, the inexorable demands of ever-increasing capitalization for returns means a constant pressure to cut labor cost, which in the end will be felt in wages. At this point, by our custom and law, property claims precedence over human welfare. Wage cuts mean a decreasing demand for goods from the people whose purchasing power keeps both industry and agriculture going. This necessitates part-time employment, with still further lowering of purchasing power and more unemployment following.

To have poverty and unemployment at all in this

country with its comparatively small population and with barely a hundred years elapsed since the opening up of its vast natural wealth is evidence enough of the incapacity of our arrangements. That we can go on permitting both the fact and the possibilities of unemployment to increase without plan to meet it is a demonstration of how our mode of economic thinking has from the beginning of industrialism engrossed people in a temporary flow of goods and profits to the point of dangerous neglect of other consequences. Yet to have unemployment coincide with technical efficiency in profit-making is a new phenomenon. In the expanding days of capitalistic industrialism it went the other way. Now with markets occupied, property nailed down, corporate control as well as wealth inherited, and all conceivable future capacities being capitalized as rapidly as possible, the tide is on the ebb. Unless it can be turned, science will then stand in relation to profit-seeking industry as it now does to war. Greater technical efficiency will mean more waste and destruction of human life. Economic activity, which should be life-sustaining, will then become like fighting—a great futility.

We need not go so far afield to test the working of our economic machinery as to raise the question of the kind of culture it sustains. Modern literature contains a sufficient reckoning of that score, and it is a responsibility which must be met by those who preach and practice the prevailing economic morality. But there is a closer issue which the defenders of capitalistic industrialism have themselves raised when they rejected the ethic of Jesus on the ground

of its incompatibility with economic efficiency. It is whether our present economic procedure is producing sufficient well-being to maintain its own effectiveness and guarantee its continuance. Here is an essential test which cannot be met by the plea of avoidance that has answered the complaint of the humanitarians.

To measure well-being is a difficult if not an impossible matter, because of the subjective factor. But certain broad trends are ascertainable. Is as much human welfare being attempted as the machine technique, which provided us with a surplus economy, makes possible? Where a human deficit remains that lessens the effectiveness of the machine technique, is its removal being sought? If so, is sufficient gain being made to warrant belief that the deficit is removable by our present economic procedure, or are we driven to look elsewhere for remedies?

Perhaps the simplest and most accurate test of the economic efficiency of any people is the condition of their children. The first task of the economic machine is to feed, clothe, house, and educate the children, because by them the future is made, or made impossible. The United States being both the wealthiest nation in the world and one of the least populated, there is here no such problem of a surplus population in relation to economic resources as there is in the Orient. Like the other nations, this country now faces not a rising but a stationary, and next a falling birthrate. Therefore the number of undernourished among us is the judgment of our economic efficiency and our social intelligence. With due allowance for

the ignorance of parents, the biggest reason that so many children are fed in schools and by charity, or go inadequately fed, is because the family lacks means to buy sufficient food. Of the two requisites for carrying out an adequate program for feeding the children of the nation, dietetic knowledge has run ahead of the necessary changes in distribution of income. A similar situation exists in housing and education. In all these matters, as a community, we know much better than we do. Allowing for those of the later immigrants, Southern hill folk, and negroes coming north who can still climb up, it is yet true that the food, housing, and possible schooling available for the children of the people in the lower income levels are much less than their needs or than the proper working of both our political and economic procedure requires. Allowing again for the slack that could be taken up in the present situation by more intelligent parenthood, it is still true that we are not developing childhood according to the capacity of our resources to support and train it, for two reasons inherent in our economic system—it costs too much in a profit-making economy and it requires a plan, which is ruled out by our belief in the potency of private initiative.

The same considerations govern the housing situation. An intelligent visitor from some other planet, observing the kind of homes in which millions of the sovereign citizens of this great commonwealth are reared, noticing also our knowledge of the essential conditions of health—physical, mental and moral—and along with it our command of the technique of

city planning, would naturally ask whether we were insensible to human values or just plain criminals. What would he make of our answer that it is property values, combined with blind faith in the efficacy of private initiative, which prevent us from using our knowledge to transform the social environment? We can magnificently plan parks and playgrounds, the humanitarian spirit operating in the business world can provide garden cities, but in the ordinary way of business we cannot supply decent homes for millions of children.

Nor can we give assurance even to the millions of children who have decent homes and intelligent training that there will be any chance for them to fulfill their capacities. We provide social workers at the bottom and visiting psychologists at the top of the income scale to correct the malformation of childhood; we have developed a vocational technique with ability to measure human capacities against the things society needs to have done, but when we put this over against the millions of planless, purposeless, unfilled lives, shuffled into place and out of place by the blind competition of the business world, when we remember that even those who succeed in this anarchic struggle find little sense of satisfaction and fulfillment, just how intelligent are we? How great is the gain that we have made in this matter of the allocation of human beings to their life work over that caste system of India which we despise; or, what is a more pertinent test, how much better have we done than the guild system of the Middle Ages with its

feudal rankings? The widespread sense of life unfulfilled in face of a world waiting to be remade has been offered as a reason for men finding spiritual release in war. This is the distemper that industrialism has brought to society, that is slowly sapping its vitality. The body lives and moves but the spirit is becoming anemic.

In the matter of control of the social environment for the development of the kind of human beings that a machine economy and a political democracy both require, we stand in a curious reversal of previous historic situations. Formerly, those who have dreamed of the beloved community and have tried to fashion it have lacked the necessary technical equipment and controls. Now we have the technique; the blueprints are made, the organizing capacities are available; but we lack the ideals, the driving power, the faith. The inhibition lies in our economic philosophy and practice. The one multiplies the obstacles by its property rights, the other tells us that planning is unnecessary and futile. That our capitalistic industrialism has worked to produce a vast amount of human waste and deficit is sufficiently well known. That it is willing to relieve this up to a certain point is also a truism. That its relief cannot be carried beyond a definite point of reduction is now clear from our failure in this country, with all our resources, to diminish poverty below a certain point. In the essential matter of transforming the economic environment where it now makes for the restriction and debasement of life, business for profit

tells us to keep hands off. It works, then, finally to prevent the removal of the evils it has magnified and multiplied in the world.

Another test of the economic institutions of any land or time is the amount of friction they generate. Do they tend toward the unifying or disintegration of society? A tolerable economic system, even where it lacks adequate technical control of production, is one that keeps society stable because it generates sufficient consent and harmony. That was true for Europe in the Middle Ages, as it has been true for a much longer time in old China, with all its poverty. In a machine age this test cuts both ways. No more than society can stay together if its economic life is divided against itself, can a machine economy continue to be successful without increasing coördination of the human factors in production and distribution. It requires not only a national but a world economy. We can no longer live as though we were mere atoms without organic capacity, yet that is the theory of the individualism and nationalism that has been trying to handle the machine. It is the necessity of industrial society to get the human world geared together and to its common job as is the engine; yet it clings tenaciously to the theory that chaos is better than intelligent direction. Naturally, therefore, its technical need for solidarity is nullified by its beliefs. Also the imperious demand for immediate profit hamstrings the unifying tendency in its present financial system, which is thus torn asunder within itself. War interferes with its larger profits and its longer operations; but even at the risk of war it must pro-

tect its own markets, its need for raw materials, and its investments.

Internally this country now exhibits remarkable contentment and complacency; but this condition is due more to post-war exhaustion and to enjoyment of the temporary financial gains which the conflict brought us than to satisfaction with a situation which shows no promise of permanence. Within the world of capital the present scene presents us with a picture of warring groups like those that fought in Europe before nationalism was consolidated. The first sufferers in this new form of economic fighting are the smaller business men who are already voicing their complaint. Between organized capital and organized labor there is a temporary accommodation at certain points, and battle to the death at others. The kind of class collaboration—as the Communists call the coöperation between capital and labor that the religionists talk about—which is portrayed in the handsomely printed house organs of certain large corporations, or even the more solid form that is exhibited in such schemes as the Baltimore and Ohio plan for improving output, cannot in the nature of the case be more than a transitory truce. As long as labor is bought and sold under a wage system the mutual interest of buyer and seller cannot extend much beyond the point of seeing that the machinery does not absolutely stop or that some minor improvements are made in it. Employers and employed are now for the most part operating under the stimulus of different interests with conflicting ends in view. Labor wants to sell itself as dearly as possible, capital to buy

it as cheaply as may be. With this law of the price system all talk about the coincidence of high wages and large profits must finally square itself. Therefore the commendable ideal of getting capital and labor together is a vain hope and well-meaning exhortations to that effect are but windy words, unless they mean getting them together to abolish the basic antagonism of economic interest that divides owner and worker under the wage system.

As long as we have an economics that is primarily financial instead of social there can be no solidarity; under its stimulus class consciousness and class antagonism are inevitable, the class war is always possible. The evidence for this lies in the increasing class consciousness of the well-to-do in this country, their loss of belief in a democratic way of life, their aping of the inherited social distinctions of Europe, and their endeavor to settle a superior class status upon their children. "Associate with those of your class," says an advertisement for a luxury commodity. The wealthy section of New York is more like Europe in its social attitudes than it is like the middle class of the West or of early New England, and the well-to-do of western cities are growing like the wealthy of New York. A necessary corollary of this trend is a growing loss of independence on the part of the people of small income, manifested in their willingness to take the jobs and the attitudes of flunkies and to accept tips—from dimes to millions. Recently the largest paper of the Middle West, commenting on the fact that a neighboring state required reforestation or soon a hundred and twenty-five thousand men

would be out of work in the lumber industry, urged that the best way to rehabilitate its forests was to encourage rich men to develop vast estates with an interest in game and fish as is the custom in Europe. A generation ago the editors of that paper would not have thought of that idea or dared to print it if they had.

Any power that remains within our present competitive, profit-seeking industrialism to bring up in the social scale the downmost groups, as the negroes are now coming up when they migrate north and enter industrialism, must be discounted by the fact that each new group is then split within itself. This elasticity of movement within capitalistic society was one thing that deceived the early economists in Great Britain as to its capacity to bring about a more just and fraternal social organization. There is no need to repeat their error. As long as some undeveloped foreign markets are available there is still room on the social ladder for some individuals to climb, but as the world becomes occupied and industrialized their number grows less. Here in the United States it has been groups as well as persons that have risen. One stratum of immigrants after another has been pushed up and supported by our vast resources and expanding technical skill. But with the appropriation of those resources and the turning of our capital into foreign investment, that change of social status slows up and we stratify as the older countries have done. Meantime each rising group splits into the same stratification that income differences occasion in the rest of our capitalistic society, with a decreasing chance

for the children of the lower strata to change their status. Whatever this process may ultimately do to race friction by diminishing the solidarity of the racial group, the immediate result is to increase it. The deepest race feeling is among the successful negroes, as they meet the reaction of the whites to their economic competition and suffer more keenly than their less educated kin from the social discriminations to which they are subjected. When these attitudes are transferred to the economic world, class antagonism is added to racial friction. However the lines of class and race antagonism may diverge and coalesce in the future, those who think that class warfare can be ruled out as an impossibility in the United States have failed to see what was revealed beneath the surface of our society when the Sacco-Vanzetti case for a moment split the crust of its complacency.

At present the possibilities of class conflict in the United States are being held back because American labor is suffering, as it always has suffered, from the capitalistic mind. When it is relieved from the illusion that it is still possible for anyone to become wealthy and from the debasing idea that this is a desirable end for human activity, when it is no longer content to view human life as a struggle up the ladder of income, then the scene in this land will be different. When our wage-earners understand just what prospect there is that their children may reach a different level of culture, they will take a different attitude toward our present economic institutions. Already the farmer is questioning their ability to meet his economic need, and he is the original, Simon-

pure capitalist, we are told. Also he is the decisive factor in any economic scheme. With him both capitalism in the United States and state socialism in Russia must finally reckon. That he is now in danger of being wiped out as an independent class is the warning of the most authoritative students of our rural problem. Indeed, the favorite remedy prescribed by successful capitalists for his situation involves just that. Farming is to be consolidated by combinations of capital, the efficiency methods of mass production are to be used, and the farmer is to become a hired man, with the salaried technician from the agricultural school as his overseer, both of them making dividends for more and better corporations.

Whatever the changing status of the farmer may mean for the future of human relationships in this country, the growing friction between agriculture and industry, the degree to which they are now working at cross purposes, is the final challenge to the claim of capitalism to work. The economic machine includes agriculture as well as industry. The former is the indispensable element. Ever since Roosevelt's Country Life Commission, the decaying state of American agriculture has been made plain. Yet it has only gone from bad to worse, while industry has increased its gains and power. The result is an attitude between them, now being registered in a bitter political battle, that imperils the coördination of our economic life and makes the further cohesion of our society impossible unless it can be changed.

Around this growing friction between city and countryside there is clustered a satellite group of

antagonisms—between farmer and labor, between both of these, joined by the small manufacturer, and the banking-industrial groups that handle the big consolidations. Instead of a unity, our economic life is a maze of internecine wars; but at the center of them is the fight between the basic process of food supply and the rest of our activities. The root of this may lie deeper than our capitalist economy. It may be imbedded in the very nature of industrialism, which draws man away from the soil with its feverish application of his energy to metal and then breaks down the rhythm between his ways and the courses of nature by its use of metal to speed up human energy; but unquestionably the capitalist procedure has increased the trouble. The use of the soil for money-making first and food supply second is put down by various critics as one root of the difficulty. This means that the farmer has been living off the rise in land values more than by supplying food stuffs. It means that his economic morality has been changing from that of the producer to that of the money-maker. Now he is "out to get his," and is no longer careful what happens to the rest of the household who have been careless of his need.

To ignore the basic conflicts of interest that underly capitalistic society—between owner and wage worker, between urban and rural activities—because there is yet no surface sign of discontent, no sound in the air of preparation for war, is to delay change until coercion is its only path. Indeed, one sign of the nature of our situation is the increasing use of force to prevent discussion of social change. There is no

focusing of discontent, nor sufficient organization of radicalism in this country to justify repression of civil liberties. Such conduct is contrary to our traditions and habits. In part it is a holdover from war-time fears, and in larger part from the apprehensions created by the Russian revolution. But, more than both of these together, it is an intuitional or instinctive reaction, revealing the number and power of those who have possessions and privileges which they wish to protect for their children regardless of what that means to the rest of society. It is an indication that our society has reached a stage in which questions involving structural change are to be transferred from the realm of reason to the field of force.

When the lack of coördination in the various parts of our economic procedure, with the resultant friction that threatens the stability of our society, is added to its inhibition of possible improvements in the social environment, it makes a picture of its working quite different from that which its propagandists are busily putting into the heads of the populace. If we compare the anarchic mess of our economic activities, its inconsistencies, confusion, and strife, with the way that a dynamo runs in some great power house, we feel under obligation to apologize to the machine for using that word to describe our arrangements. Compared with our control and organization of the inanimate world, the ordering of our human affairs is moronic. Yet our knowledge of ourselves and our behavior together has been increasing side by side with the gains in our knowledge of nature. But so far the social sciences have shown little interest in our eco-

nomic conduct and less in our economic beliefs. We are like the traditional college professor, learned in many things but childishly inefficient in the practical necessities of life.

The point of the growing divisiveness in our economic procedure cannot be turned by the claim of increasing production of goods. It would avail nothing to fill the storehouses of the nation if the process produced the discontent that may in the end destroy both the storehouses and the machine that filled them. Industrialism, however, ought to be able to escape that futility, since under its régime increasing production of goods depends upon keeping friction down to a minimum, and that is in the end a matter of providing sufficient justice. In determining production, injustice is even more basic than incapacity, because if the spread of distribution keeps pace with the increase of production there is a rising standard of living in the lower income levels that brings with it a growth of capacity. As long as we have concentration of income in the smaller segment of the population it is idle to lay the failure to realize possible production entirely at the door of the incapacity of the rest. What has already happened through the distribution of educational opportunity is sufficient to show that discrepancies in capacity of various sections of the population tend to disappear with the removal of discrepancies in income. It is therefore a double error to think that abundance of goods is more important than economic justice, since without it adequate production can neither be reached nor held.

People will go without adequate consumption if they see it is necessary and that deprivation is being shared, as they did here in war time and in Russia in the early days of the revolution. But nowhere have they permanently endured more than a certain degree of inequality. In his *Natural History of Revolution*, Edwards shows that, while intense deprivation motivates sporadic outbreaks, effective revolution grows out of desire for further advance on the part of those who have been given some improvements in their living conditions. It is a stage in the upward not the downward movement of life. In Russia, for example, what is more important than the program of its rulers is the hope and energy that make the very atmosphere vibrant. Whether the visitor likes or dislikes the principles of government and social organization, he cannot escape the sense that the possibilities of life are expanding. When he comes out he cannot avoid contrasting this with the morale of the rest of Europe and the defensive attitude of our political and business authorities. Our per capita production is still increasing, but does anyone contend that there is the same attitude toward life and work as when it was less?

To show increase in productivity, therefore, will not make the case for those who think that our economic procedure is working properly. Can they show a corresponding reduction of injustice and inequality? It is idle to quibble over statistical points as to what per cent of the people have what part of the property or income. The most conservative figures, that two-thirds of our wealth is in the hands

of one-third of our people, is sufficient to show a dangerous situation. No society is healthy when it has a third of its people living below a health and comfort standard, and that is our situation on the most conservative estimate. Also our present tendency is toward a greater discrepancy. In 1925 the ninety-five largest corporations, a little more than one-tenth of one per cent of the total number, earned nearly half of the total net income of American industry. In 1926 we had two hundred and twenty-six incomes of a million or more as against sixty in 1914. Also the latter year showed a falling off in the number of incomes, and of the total amount of income, in the grade between one and five thousand. Over ninety-five per cent of the individual income tax is paid by less than a third of one per cent of the population, and eighty-two per cent do not make enough to pay any income tax. The National Industrial Conference Board, an employers' research organization, says that two out of every five corporations manufacturing goods have in the last year made no money or incurred a deficit; that for each $100 the successful made the unsuccessful lost $32. The president of the National Manufacturers' Association says that the common run of manufacturers are in as bad financial situation as the farmers. Naturally, then, unemployment has become serious. Yet the great industrial consolidations have been paying enormous dividends, and profits on the stock market have been unprecedented.

There has recently been a battle of the statisticians as to whether or not real wages have risen in the past

thirty years in this country, with the result that no appreciable rise was discoverable until after the war, which turned the flow of gold to this country and changed us from a debtor to a creditor nation. Since then the real wage of the worker has gone up about thirty per cent. The latest study in this field finds that the average cost of living for all classes has increased in the last five years just about as much as average wages in the manufacturing industries of the large industrial states. This study emphasizes the variability of the data that go into cost of living investigations, on which standards of living are set and real wages computed. There is no factual basis on which the price and profit system can claim to have brought large increase of income to the bulk of the population in this country, where it has had the most favorable conditions it is ever likely to find. If it had made substantial gains in this direction, the evidence would be clear beyond dispute. As it is, the authorities are not settled as to the exact facts and still less as to what they really mean. How much do they record the advantage that has come to American over European industry and finance by the war; how much the gain of industry against agriculture, and of the big corporations over smaller business? How much do they register improved technical processes and more humanity in management?

In considering the possibility of the permanence of the recent increase in the income of the wage-earner, in which many have not shared, it must be remembered that in the thirty years before the war, when industry had our undeveloped resources to draw

on, there was only a fractional gain in real wages, if any. And in the next thirty years, production must carry the burden of an enormous overhead from the heavy investment charges now being piled upon it. Already wage cuts in the automobile industry raise the question of whether the trades in which the wage gains have been recorded are now to follow agriculture, textiles, and coal in being gradually unable to provide an American standard of living for large sections of their workers. Assuming, however, that these gains are real, and can be held, how much farther and faster this increase in real wages will have to go to bring health to the industrial population may be seen from the fact that in discussing it Professor Irving Fisher estimates that five-sixths of our people are without a cultural wage, meaning thereby an income which will provide reasonable educational opportunity. And all this discussion leaves out of account the farmer whose situation grows steadily worse. In agriculture, as in large sections of industry, significant technical improvement has not averted a definite social deficit.

Assuming the continuance of the wage system, the basic question of industrial justice turns upon the wage-earner's share in increased productivity. According to orthodox economists here was the only way out for him. He was to lift himself up with his own bootstraps by producing more. Recently much more has been produced. It has been done largely by technical improvements, but these have made larger drafts upon the worker's energy if not upon his time. Soule has made it clear that the increase in real wage

has been only about half the increase in productivity. Assuming that the joint movement started from a situation of justice and social health, which few authorities would care to try to demonstrate, will anyone contend that the result is either a just or wise division of the increase? If this is what happens in the green tree of enlightened, human interest, management, what may we expect in the dry wood of increasing, impersonal, inherited dividend claims?

Whatever responsibility the disproportionate distribution of income may have for producing the inherent sabotage of modern industry, there is still more fundamental interference with production in the capitalist economy. It has never practically resolved the contradiction between the pressure of price to increase production and to create scarcity. As the market becomes limited and its control consolidated, the latter tendency gains. The demand or prospect of the market leads men to produce more. Down goes the price and production is restricted. It is this alternation which leads the fundamentalist economists to trust the automatic operation of the price and profit system. But as long as price depends upon scarcity there is a pressure to bring about scarcity, first in attempts to control the market for gain, and next as a policy to save from complete defeat an essential economic process hard beset in the competitive struggle. Such a policy is now being pursued in certain sections of agriculture. The farmers have been officially advised by two administrations to limit production. Such conduct was a punishable offense during the war, but now it is supposed to be both

good politics and sound economics. Through the work of their own marketing associations the agriculturists have discovered that, within certain limits, the less they grow of certain commodities the more they make. And this works for food stuffs of which our people need to eat more to be well nourished as well as for those in which we have a surplus for export.

Thus in agricultural economy we get the final demonstration of the working of our present economic method. It sets the consumer and the producer against each other; it is indeed a house divided against itself. We need more of certain things to eat, but the farmer who produces them can only live well by giving us less. A similar antagonism between the producer and consumer of labor in the operations of industry is often set down to the machinations of evil men on both sides and, according to our evangelical habit, is to be removed by exhorting them to be more brotherly. But such magic will not exorcise the same demon in this farm situation. One authority remarks: "An ideal solution of the farm problem would be to establish a perfect identity between the agricultural capitalist and the farm operator. Under our property system that is inconceivable."

At this point all the technique developed in our agricultural colleges for the improvement of our food supply meets its nemesis. As long as that section of our population which has not a comfort and health standard of living cannot buy more or better food, the farmer cannot produce more and live, no matter how much the cities need it. Here is an anti-social situation, and under the price system it is met by an

anti-social remedy. When the agricultural colleges turn their attention from production to distribution, under a capitalistic economy all they can teach the farmer is to limit production. Thereby they nullify possible social gains from their previous efforts and help to change the moral base of agriculture from the attitudes of the producer to those of the exploiter. So the farmer must be taught to be a profit-taker like the rest of us! Under a profit economy we are not only at odds with our moral ideas and ideals but also with our practical needs and our possibilities.

The fact that our present economic arrangements do not permit us to consume what we are capable of producing has been expounded for industry by Foster and Catchings as *The Dilemma of Thrift*, and in England by P. W. Martin as, *The Flaw in the Price System*. It is startlingly true in this country for agriculture, whose technical efficiency for production has been developed in government aided institutions. This situation in the basic productive process on top of that in industry, which is being compelled to slow down while five-sixths of the population is still without the goods and conveniences that constitute a rational standard of living, should be sufficient to demonstrate the incapacity of the capitalist economy. It continually falls short of its own capacity for production, while imperative social needs are still unmet, because the demand of the needy section of the population is not effective for lack of purchasing power.

In the discussion of this subject, however, there has not been sufficient attention paid to the fact that we do not need to consume, either as a national unit

or as a world unit, all that modern methods can produce. The fact that we can now make more than we need presents us with the possibility of setting life free for other pursuits than business; it enables release from the obsession with the making and selling of things that dominates the modern world. But the reduction of hours is generally opposed by the beneficiaries of the profit economy as an immoral waste of time. Nevertheless while many people are still short of food, clothes, shoes, and decent houses, we must have part-time employment and unemployment in the occupations that produce them. At any one time there is nearly a third of our plant and labor power idle. In the last seven years the reporting member banks of the Federal Reserve System show an increase in time deposits of one hundred and thirty-five per cent, much of it industrial corporation funds. So idle capital lies alongside idle men and machines. Yet our wants grow more, not less. We alternate between feverish production and depression; we produce luxury and misery, as did Rome for some time before it fell, or France before the revolution.

The more recent economists offer us various attempts to control the business cycle and keep production going. But in this country they shy away from the question of distribution of income which has been worked on in England by Hobson. Practical business men, with a sure instinct, move toward higher wages and instalment buying to increase the purchasing power of the more numerous section of the population which needs the basic commodities—the food stuffs and clothing and houses—that are the

heart of any economy. But the inexorable demand for profits prevents wages going beyond a certain point. Also it remains to be seen what will happen to the credit extended at last to the people to use it for the means of life instead of for speculative gain, when the inevitable depression comes. In any event, we have begun to realize the relation between distribution of income and the continuance of production.

It is incorrect to say that capitalism has solved the problem of production but not the problem of distribution. These two are one, and it was the basic error of early capitalism that, in the glow of its new energies, it turned its attention entirely to production for profit and assumed that distribution—the question of use—would take care of itself. Now production languishes, running, according to the report of the Hoover committee of engineers, only between twenty-five and fifty per cent of capacity in the big industries, measured by actual achievement in the best plants. The waste of our present industrial methods has been duly recorded by Stuart Chase, and this it must be remembered is not like the prodigality of nature in scattering future life. The wastefulness of the profit economy destroys the resources of the future; it is the thriftlessness of death.

The problem of production cannot be solved until the same technical skill that has been applied to producing things is applied to their use; until we have an economics of distribution and consumption as well as of production. This will be an economics of plan; it will not leave the use of goods to the arbitra-

ment of conflict or the decision of chance. It will substitute the measured adjustment of effort to the rationally determined standard of wants for the chaos of our present fortuitous jumble of ignorant cross purposes. Therefore it will not limit and defeat the long-developed producer's morality of hard and honest work for others, by the sabotage of a financial economy which directs men's eyes to profit rather than to the human consequences of their efforts. It will be a social economy and therefore will have and develop a social morality—that is, it will not make the development of human life through economic activities a secondary and subservient end to the making of money. It will give dignity and worth to economic pursuits by making conscious to those engaged in them their eventual consequences in the lives of others. It will relieve the moral stress and strain, remove the sense of futility and injury, which now oppress us, by making it possible for people to supply their own needs with a real and demonstrable knowledge that they are also helping to meet the needs of others.

As present we have what we popularly call a system, but the word is too charitable for this "congeries of possessors and pursuers," as Keynes calls it. In its guerilla warfare for power, its scramble for security, it has more likeness to the chaos that has developed in old China because the invasion of the West has broken up the ancient modes of life. The root of the incapacity of our present economic behavior is that it has divided the parts of the economic process —production, distribution, and consumption—and

set them against each other. For lack of a scientific and moral control of distribution it leaves the interests of consumption and production at odds, which means that the citizen is torn apart within himself, since as an economic person he is both consumer and producer. The average man needs to consume more, but after the market reaches a certain point it is profitable to produce less. Therefore our modern industrialism with its marvelous capacity is the modern Sisyphus. It can roll the stone up the hill a little way, but then down it comes again.

Only in the early stages of capitalism does increased production produce increased consumption. When the economists concluded that the latter automatically follows the former they looked only at what was before their eyes. The sequence that they saw happens only as long as there are markets to develop, resources to exploit, more labor from which to take tribute. Great Britain has been piling up wealth by using other lands and peoples, meeting their needs and creating them—beads and rum and Bibles as well as railroads and mills and steel plants. Now these other nations become industrialized and Britain's market shrinks. Facing her economic weakness, one of her eminent publicists replies to an American comment: "We still have an empire in our tropical dependencies." The same root fact and the morality of the relationship between peoples that it implies—the willingness to live in part off others—is shown in the remark of one of our financial journals about the serfs we have acquired abroad through our recent foreign investments. So far we have lived off the unparalleled

economic riches of this continent. Now we propose to live in part off the labor of others in other parts of the earth. Thus in its old age capitalistic society destroys its own morality of initiative, enterprise, and hard work. It operates for us finally only at the cost of other people. And if in the end it succeeds for them it will be at our cost. Let it be repeated that under the competitive profit system there is not reciprocal benefit. Some gain more than others. Whatever efficiency and moral worth it originally possessed can develop only as long as there are expanding markets. When that condition is gone, when everybody is trying to make profit, it becomes inefficient and increasingly anti-social.

Capitalistic industrialism as a whole works just about as well as do its most important units. It is a chaotic and contradictory picture that these present to us; public utilities with magical technical improvements, equally ingenious propaganda to mislead popular opinion, and growing conflict with labor over terms of employment and with the public over rates and dividends; vast industrial corporations with high speed production, welfare work but rarely unemployment compensation or old age pensions, employee representation over minor matters, a chance for some workers to buy stock, spies and terrorism to prevent any general organization of labor; financial institutions with an inherited conscience and an acquired sense of public responsibility that are nevertheless increasingly occupied in piling up fictitious capital charges on productive industry and agriculture, thereby killing the goose that lays the golden egg for

the community. Yes, this so-called system works; but manifestly it creaks and groans and it needs more and more propaganda and coercion to keep it going. It no longer runs on its own power.

How well capitalistic economics has worked in these United States is to be judged by three major incidents: first, the growing bankruptcy of American agriculture with the consequent decay of rural life; second, the failure to raise the real wages of the industrial workers to a saving or cultural level; third, the inability to consume what can be produced while basic needs are still unmet. These are economic facts and their mere citation is ground for asking judgment in the court of economic efficiency to which the defenders of a money-making economy have appealed against the ethic of Jesus. Concerning social attitudes, in regard to the degree of justice and friction produced by competitive profit-seeking, there may be a difference of judgment, but the factual situation is indisputable. An economy that cannot solve the agricultural problem or raise the people to a decent level of life, or fulfill its own technical capacities, is unable to build the world of tomorrow. And this system had the best chance in history. With the biggest unit of the best land in the world and no landlords or traditions to fight, with the new energies of the most virile stock of Europe developing unsurpassed technical skill, with a fabulous supply of timber, minerals, and water power to work with, this way of doing things has managed in little more than a hundred years to bankrupt agriculture and lead industry into a dead end. On top of that it has begun

to duplicate the extremes of luxury and poverty and the social stratification of Europe, thus denying its own early hopes of a free and equal community. With this record the spirit of competitive money-making asks us to accept moral defeatism, to abandon the struggle for justice and fellowship, in the name of its economic efficiency!

Manifestly the prevailing idea concerning the success of capitalistic industrialism is an illusion comparable to the Great Illusion that war pays, which Norman Angell exposed in vain and which the World War completely demonstrated. But the present deceptive picture in the heads of the people is even more dangerous than that which led them to the great slaughter. When an economic organization collapses there is more wreckage than when kingdoms fall. Moreover, the very nature of the bread and circuses which this declining organization of society hands out tends to prevent the people from seeing its main tendencies in time to avert disaster. The headlines and movies, the radios and motors that keep the population moving in mind and body from place to place, from thrill to thrill—engrossing them in the present, keeping them capable only of immediate sensations, depriving them of the power of reflection and plan—may in the end bring a bitter harvest. When the day of awakening comes it may find them capable of only unthinking fury.

If man should permit himself, as he is certainly capable of doing, to become the kind of animal which the philosophy of life behind the rejection of the ethic of Jesus by capitalistic industrialism assumes

him to be, he would in the end discover that the main accomplishment of his life in modern times had been self-deception. If he accedes to the terms of the spirit of money-making and sells his spiritual birthright—the capacity to realize freedom and justice and fellowship—for the mess of pottage it offers, he will not even get the pottage. The general record of competitive profit-seeking in this country is sufficient to demonstrate that while it may offer man the comforts of this world as the price of his allegiance, it cannot deliver them. In order, however, to discover the specific points at which this incapacity develops, and also their relation to the points at which the conflict occurs between our economic morality and the ethic of Jesus, it is necessary to examine the several aspects of our economic procedure—its method, which is competition; its motive, which is profit; its end, which is property.

CHAPTER IV

The Survival of the Fittest

Our present economic arrangements are not infrequently described as the competitive system. This is because the method upon which they mainly depend is competition for profits. The competitive principle, operating in this form, was supposed by the early economists to be an automatic governor for the modern economic machine. It was declared able to prevent self-interest from going too far, to restrain profit from becoming too great, to balance the conflicting forces so that none is too greatly injured. It is through the restraining and beneficent influence of competition that the profit motive is supposed to develop ability, and apply it where it is most needed; to secure for society the most and best goods, services, and directors of enterprise. That they are the best is supposed to be demonstrated by the fact that they secure the most money. This aspect of the competitive struggle is continually glorified and idealized in various popular publications. It has become a cult, and there are itinerant "psychologists" willing to initiate the wayfaring man or woman into its mysteries for so much a course. This is largely by way of

emotional compensation to the vanquished in the struggle for what this age calls success. The victors are more expensively served by better-trained students of man's mental and emotional reactions.

Competitive striving for profits has been, and at times now is, as ruthless as war. The record of the building up of some of our present stable industrial consolidations is a story of conscienceless fighting and terrific economic slaughter. Describing the conditions that obtained about twenty-five years ago, the late Judge Elbert H. Gary, chairman of the board of directors of the United States Steel Corporation, said: "Competition was tyrannical and destructive. Weaker competitors were forced to quit business as the big combinations arose, sometimes by means not only unethical but brutal as well." Describing conditions five years ago, the president of the Wholesale Grocers' Association, at its annual meeting, talked about "wild, insane, jungle competition," which "is destructive of the moral fiber of men and subversive of the highest welfare of the public, and leads only to discouragement, failure and defeat." While the fiercest days of battling for the market between small business men are over, nevertheless the mortality rate in business enterprise is still very high. The Department of Commerce announces that failure overtakes nearly ninety-five percent of those who start in the race for profits. But competition is defended, as war is defended, because it is also beneficent. Like God, who is said to make the wrath of man praise Him, it is alleged to take the selfishness of man and work it out to a beneficent result. Like the war-preparing and war-

making state, it was able to twist the theory of natural selection for its justification. The pseudo-Darwinism—that ignores all the mutual aid aspect of the evolutionary process and overlooks the coöperative struggle with natural environment—which came to its climax in the lopsided philosophy of Nietzsche, was blown out of the realm of politics by the Great War. But it still remains in the economic world, misleading the public mind, justifying a planless internecine conflict, and sanctifying its results.

Recently one of the organs of the financial world came to the defense of the law of the survival of the fittest in the economic world. It rejects "competitive warfare of the jungle kind, with resort to trickery, deception and unfair practices." But "competition in the sense of a fair test and comparison of abilities to render service is the most effective means of perfecting the industrial organization and of placing individuals where they will be most useful." Under this interpretation the survival of the fittest is not the law of the jungle, but the inevitable pushing out of older ways of doing things by newer and better methods. If in the process some are thrown temporarily out of employment and others lose their investment, "what can be done about it except to agree that whatever is demonstrated to be fittest for its purpose shall be welcomed and adopted." The next month the same journal, endeavoring to refute the charge that money-making had become a safe system through combinations, pointing out that profits have recently been small for the many and high for the few, insists that "the pressure of com-

petition never was more constant and relentless." Evidently consistency is too high-priced a jewel for the competitive profit system.

With what equanimity this situation of relentless competition is viewed depends upon the security of the observer. If he happens to be among the losers, what then? If he is among the hundreds now standing all night before the factory gate in a certain city and not among the tens taken on in the morning, if it has been his business that has been pushed to the wall or his savings that have been wiped out, it is not so easy to philosophize about the improvements that ought to be welcomed. To leave men to struggle with each other for bread, or for security of cultural position above the bread line, is to have less morality and less intelligence than the wolf pack who develop some mutual aid in getting their food supply. By what process of intellectual juggling can a ruthless fight for the means of livelihood be glossed over as a "fair test and comparison of abilities to render service"? What happens in the labor and investment market is often pure chance, and the outcome in some human lives is starvation or misery, and sometimes crime.

To such cost of alleged improvements the ethic of Jesus cannot be party. By common consent it makes for coöperation and away from competition; it makes for mutual aid and away from the law of tooth and claw; it makes for peace and away from war. These two strains and trends run side by side in the story of both man and the animal world. Does progress consist in eliminating the cruelty, waste, and suffering of strife, or in stabilizing the position of the

victors by rationalizing war as the way of development? The moral strain of which Jesus was the great exponent takes the former road. It sanctifies, develops, and even deifies the sharing, giving, coöperating capacities of mankind. In one part of man's life, recent history is validating this ethical choice, which is the heart of the social nature of our religion. In the field of government the world is convinced that fighting is too costly a method, and the democratic procedure is now being extended between nations as the effort of its will to register this conviction. Is the method of strife, then, to remain in economics after it has been rejected in politics? That would be to ignore their interdependence. In the end warfare goes from both these aspects of our life or from neither. Therefore it is necessary to find out whether competition as it works today corresponds to the picture that has been painted by the propagandists for the successful and accepted by the average citizen. Is it what they think it is? Does it do what they believe it accomplishes?

The earlier economists base their conclusions about the beneficent results of competition on the assumption that it was free or perfect. That is, every man was supposed to have equal access to the market; there were to be no handicaps except differences in ability. In the United States, this doctrine required also free access to land, because to begin with we were farmers more than traders. So our liberals are always hankering for devices to restore freedom and equality of access to the land and to the market. This

romantic longing for a Golden Age, that never was, has inspired our futile attempts at unscrambling trustified eggs which now culminate in consent decrees that register the satisfaction of the trusts the government has haled into court with its present requirements. Our idyllic vision of free competition has also been responsible for our persistent refusal to recognize the economic benefit, and even necessity, of coördinated enterprise.

Where today will one go to find free competition? Certainly not on the land where he will find landlords on one hand and farmers' organizations on the other; obviously not in the labor market, where he will have trusts on one side of him and trade unions on the other. In business, banking, railroading, or manufacturing, one may still find unoccupied fields for money-making, as did recently Ford and the Van Sweringens. But most of the regions of possible profit are now occupied by enormous aggregations of capital with sufficient command of raw materials, transportation, salesmanship, and advertising, to give them an established and dominant position in the market. Today, to meet a new want or an old one in a better way, big capital must usually be found. Even the newsboy finds the desirable street corners pegged down and capitalized. In the professions, the custom of hanging out one's own shingle is giving way to that of going in with some established firm. A recent description of our economic institutions says concerning perfect competition: "But in many markets freedom of competition is restricted in

one of three ways: by public authority, by long-time contracts, or by combination or coöperation among buyers or sellers."

The most significant symptom of the decline of competition in American business enterprise is the recent formation by the railroads of the Car Service Division. This step was the result of the lessons in coördination enforced by the war and the pledges given the government shortly thereafter that the roads would improve their service. It was clearly recognized on both sides that this was the last trial of private ownership and operation. The Car Service Division is a joint authority composed of all the roads who wish to enter—and most of them are in it. It operates under rules agreed upon—with plenary power to enforce them—is the sole agency to represent its constituent members in dealings with the government over traffic service, and has absolute control over all cars when off the lines that own them. Thus, in these matters, the separate roads have yielded their powers and even their identity, and competition has ceased to exist.

Clearly, today free competition is a legend. But the theory of competition that still lingers has two other assumptions. One is that the economic man is responsive only to the stimulus of financial gain. That specimen of the rationalizing capacity of the educated mind is now classified as a myth, even in the economic classrooms. The other assumption is "that the buyers and sellers have complete knowledge of the market and of the offerings of other buyers and sellers." The mythical character of such a situation

is obvious at a glance over even the small market of a country town. So then, as the foundation for the law of competition and its effect on prices, we have two myths and a legend. This would make a very good equipment for a certain type of theology; but economics purports to be a science.

In the practical world, the present desire is to secure not free but fair competition—that is, for the kind of business which is represented in the Chamber of Commerce of the United States. The story is different for finance-controlled industry, railroads, and public utilities. The chairman of the board of the Chamber in his last annual address came out for "wholesome competition" and against "piracy masquerading as competition." He affirmed that business is prepared to legislate for itself against "all forms of unfair competition. Chief among these are commercial bribery to secure competitive business, the misrepresentation of wares through misbranding or otherwise, the deformation of credit, enticement of employees, the use of financial strength to drive competitors from the market or any action of any nature whatsoever opposed to good morals because characterized by bad faith, deception, fraud or oppression." A good part of the recently adopted codes of ethics of various business associations have to do with the elimination of unfair practices. In their totality they constitute a code of commercial war, being designed mostly to protect their members against unethical conduct in their dealings with each other. They are more concerned with the relations within business than with those between it and the public.

This attack on unfair competition moves on to the capture of other strongholds of that method. The effort to standardize business practices in which the Department of Commerce has both led and assisted, involves a sharing of knowledge concerning successful methods which in other days would have been jealously guarded. Trade associations now attempt to prevent bankruptcies on the theory that failures are bad for business. Thus we have coöperation in money-making replacing the competition of ability, a pool of knowledge and effort gradually supplanting separate endeavor. By this much, the competitive attack of the particular trade or industry upon the national income is strengthened, which at the least offsets any general gain from the improvement of its process and the avoidance of waste.

Among the more thoughtful minds of the business and banking world there is a growing realization of the wastefulness of competition, particularly as it affects their own vocation. Thereby an interesting and illuminating contrast appears. We still have professors in institutions dedicated to the name of Jesus—in whose ethic the coöperative principle was central—asserting that competition is the life of trade and the health of society, while eminent practitioners of that method are telling each other that only a measure of coöperation can save them. This recognition of the limitations of the competitive method is in part the working of the desire for personal security and in part the expression of a concern for efficiency in terms of the public interest. It has not yet, however, extended to such types of economic

service as the much-cited duplicating milkmen on the same street. These forms of business are still generally regarded as the sacred preserves of competing private initiative. So far as it has gone, this awareness of the waste of competition registers the economic fact that the competitive principle works differently for its practitioners in an expanding market where there is still room for newcomers than it does in an occupied field.

This new desire to eliminate the worst features of competition is different from the first monopolies, which were mostly actuated by the spirit of predatory conquest, with some inevitable expression of the inherent nature of what are now called natural monopolies, like a water, sewer, or telephone system. These necessities of common use are now generally conceded to be best run by one management, which is then too powerful to be trusted to the uncontrolled guidance of the profit motive, and must be therefore either regulated or owned by the public. But the trend toward trade associations and coöperative selling agencies, both of which involve some measure of price fixing, expresses the deep desire of all other business to regulate itself. With this trend our government is now in accord through the policies of the Department of Commerce. The attitudes of the Rooseveltian "trust-busting" period are thus sharply reversed. Business will now reform and control its own affairs, and government will help it so to do, with the absolute minimum of interference and regulation. We are now to have an upright and a benevolent business. Only, just as this reformed busi-

ness world has reduced competition within its own borders, so it does not desire it from the outside—either from labor or from the state. Labor is to take its high wages and good conditions and company unions, but no more. The community must not undertake anything that competes with private enterprise. That is, the governor of competition is to be taken off the engine and nothing else is to be put on in its place.

This leaves us with the profit motive still in power. What has happened is that coöperation for profit has at certain points taken the place of competition for profit. Hobson holds that industry should be depicted as a process of coöperation with attendant competition, not the other way round. But today the form and scope of coöperation are determined by the struggle for profit. Therefore its outcome is to intensify the competitive struggle. The trust or merger removes certain forms of competition between constituent units but develops it with other trusts, and again the competitive assault of the combination upon the national income is much greater than that of all its parts acting separately. The trade union relieves the workers from competition with each other but increases their competition with unorganized labor, with capital, and with the consumers of their product. That is precisely what happens in the case of a farmers' coöperative selling agency. Is the situation any different with these growing trade associations? In a profit system can it be any different?

Therefore, when Judge Gary claimed that busi-

ness and business men were becoming more ethical—when he said, "At last it has been perceived . . . that destructive competition must give way to humane competition; that the Golden Rule is not an empty phrase but a golden principle."—what he really meant was that the net result of all efforts to prevent trusts and restrict competition is that certain big business combinations are making more money than ever. The natural outcome of competition for profit is monopolistic control and this leads to more intense economic warfare. In a world where security is dependent upon success in the scramble for profits, there is an inevitable tendency to monopoly, and it is agreed that in a profit economy monopoly means diminution of service and increase of its cost. Hence public-spirited business men do not like it, any more than they like the risks and hazards, the anxieties and cruelties of unrestrained competition. To avoid the latter for themselves and their children, the winners in the competitive struggle will stabilize their gains and their control if they can. There are no rules of the ring to compel the champion to defend the title. Indeed it is part of the contest that he should avoid risking his position. Hence this kind of competition tends to destroy itself. Success under the competitive method means monopolistic control in the very nature of the game, and the increasing amount of capital required to enter it puts odds in favor of the continuance of such domination. The conditions of challenging the title-holders in the competitive struggle are continuously harder to meet. New ability and new inventions find it more difficult to get a

foothold; the successful learn by experience the degree of value in product that must be maintained and the limit of price that the market will stand, and so walk warily. Also they tie their capital up so that it cannot be wasted. "From shirtsleeves to shirtsleeves in three generations" does not mean as much as it did before trust companies took over the business of managing estates.

Hence the desire to escape from the evils of monopoly for private gain by returning to competition is futile. If by some magic act free competition could be restored, under the profit system as much monopolistic control as could be secured by the strong would inevitably result. The successful would endeavor to protect themselves and their children from the rigors of the struggle in which they had won. The stereotyped argument which is supposed to end the attempt to equalize income—that in a few years it would be as unequally divided as ever—assumes the competitive, profit system and is sufficient judgment upon it.

But the outcome of competition is not complete monopolization, either of any industry or of the national income. That would not be endured; neither can it be secured in the profit system. When the working of competition in money-making results in the elimination of that method at certain points, it is promptly transferred to others. What is happening is less competition within certain callings but more between them, as they struggle for as large a share as possible of the national income. The competition between individuals—which is the picture in the heads

of most of us—has in many cases given way to competition between organized groups. The struggle between competing grocers is replaced by the struggle between chain stores, some of which are now being pushed to the wall. In bituminous coal mining both sorts of competition go on—between small operators, between consolidations, and between these two again as opposing groups.

A writer in "The Nations Business," the journal of the Chamber of Commerce of the United States, not long since listed some various kinds of competition now operating which did not obtain when the theory of the beneficence of that procedure was first started. They are: between wholesalers and manufacturers when the latter sell direct; between the merchants and the wholesaler when the merchants buy through their associations; between merchants and manufacturers when the chain stores start manufacturing; between commodities to get the market, for instance, steel and lumber and brick for building, silk or cotton for wearing apparel; between industries to get as large a share as possible of the nation's purchasing power, for instance, when the strategists for automobiles or radios plan a competitive assault on the buyer's mind through advertising and salesmanship. To these can be added the competition between farmers' selling agencies and commission men, between consumers' coöperatives and retailers and those unorganized in such agencies. Then there is competition for the investment market between groups of bankers, just as there has long been competition between the trusts for the commodity market, and

for natural resources. It is now a commonplace that international competition between vast industrial consolidations and financial interests is the crucial factor in the foreign policy of the big nations. At the moment our papers report that the European steel cartel is worried about a projected export agreement among the large American steel producers and the probability that the British steel makers may join in the project. A recent book has detailed the international maneuvers over the undeveloped oil deposits of Russia. Another just off the press documents the part that the contest for the future control of oil is playing in the relations between Great Britain and the United States.

In this complicated picture the lines are by no means clearly drawn. For instance, Standard Oil of New Jersey and Standard Oil of New York are at odds between themselves, as they are with the British and Dutch, over the purchase and control of Russian oil. The same crisscrossing of interests and antagonisms appears in and between all the groups that have been mentioned. Labor and capital are now fighting each other, and again fighting among themselves. The same is true of manufacturers, wholesalers, and retailers. The one thing clear is that it is war, despite the occasional fraternizing that records the underlying common interest—even as it did in France during lulls in the fighting. The attempt to create a balance of power works no better in the economic world than it has in the political realm. Because the end sought by each group is its own advantage or security and not the common weal, the alliances shift even as they

have done in Europe. How well competition operates in maintaining a balance of forces is apparent from the deadly economic warfare that breaks out now and again, as in bituminous coal at the present time, occasioning terrible suffering for many miners, for a lot of operators, and for whole communities dependent upon the industry. The same thing is visible again in the situation of many farmers, along with the underlying fact that under the profit system agriculture has been thrown increasingly into conflict with industry instead of being coördinated with it. This situation means that competition operates not merely within one of the functions of the economic process—between its members—but also between the functions themselves. This form of it is like that between the handworker and the machine, and if it is not controlled and adjusted has similar disastrous consequences.

Obviously the competitive struggle for power between great organizations, with civil war going on at times between their respective sections, developing into a conflict between the basic economic functions, is not at all the simple thing that is carried in our heads from college days as the competition of abilities to render service. The more advanced stages of competition for profit involve the same kind of transfer that occurs when the fighting man, having served his country or tribe in defensive warfare, then becomes aggressive and predatory, leads his people into paths of conquest and uses the victory to establish his own power, which he then attempts to make absolute. Indeed, the economic development of the Western

peoples has been repeating at certain points the story of their political organization. Individuals fighting for the power that money gives have given way to organized bands; then comes consolidated organization, which opens the way for the attempt at absolutism and is then challenged by the democratic principle.

These changes in the form and nature of competition have of course altered the results derived from it. The competitive method is supposed to insure distributive justice. The earlier economists maintained that if competition is perfect it secures to each his proportionate share of products and tends to make prices correspond to the expense of production. But this, as we have seen, is an impossible "if," and the less careful writers and propagandists finally left it out. They now flatly assert that competition secures to each his proportionate share of the product of the economic machine. But when we ask them what is the due share of the millionaire and the day laborer related distantly in the same corporation and how it is ascertained, they tell us it is what each is now getting because society automatically pays them what they are worth—that is the way competition works. Sufficient unto the ethic is the logic.

As for the relation between price and cost, there is a tendency for competition within industry to adjust the former to the latter, but not if it can be avoided. In a profit-making system, price is naturally adjusted to profit rather than to cost. The naked principle—no matter how it is now dressed up—is, and must be, "taking what the traffic will bear," for there is no

mercy for the soft-hearted. Therefore, those who have an advantage in the market usually cash in on it. Similarly in a losing market there is no relation between cost and price, as many of the farmers are bitterly finding out when their shipments are sold for less than transportation and commission charges. The fact is that we are in a complex situation which does not fall within so simple a view as an automatic, competitive adjustment between price and cost. The operation of the market can be thus simplified only by assuming what does not exist—the perfection of competition. The profit motive naturally operates wherever it can to prevent any approach to that condition. The editor of "The Journal of Commerce"—who also teaches in a university—writing in "The Nation's Business" on a fair price says, "Tests which were in other years based upon given conditions of price competition are no longer applicable."

As for the more general contention that competition operates to lower price, that can by no means be proved. Some forms of competition operate to raise prices. The records of our public utility commissions and the reports of competent investigators show that the competition of holding companies for the purchase of operating companies often results in the payment of prices far beyond market value, and the increased capitalization thereby necessitated is then offered as justification of higher rates to the consumer. The automobile shows us another form of the operation of competition to raise prices. In this case it is due to the increased cost of selling agents, showrooms, salesmen, advertising. As mass production fills the

market to the point of saturation, the competitive pressure to break down sales resistance increases. Whatever reduction in manufacturing costs is effected under the same general stimulus is now often more than offset by the increase in sales costs, which are responsible for much the bigger proportion of the price. This tendency is spreading throughout the whole field of industry, wherever financial combination, mass production, high power salesmanship, and advertising get hold. It is increased by overcapitalization, whose improper demand for dividends tends to force the market beyond its capacity. As this process grows, technical improvements cannot effect price reduction as they did when there was more room in the market and less demand for dividends. Any further reduction of manufacturing costs in this situation will be effected mostly at the expense of labor, and since the cost of labor is the minor element in the retail price, even this anti-social outcome will benefit the consumer scarcely at all. Moreover it increases the inability of the price system to deliver sufficient purchasing power at the bottom of society to keep itself going—its fatal flaw. This situation means more sales resistance and therefore more competitive pressure in salesmanship to break it down. This increases cost and holds prices up until widespread failures disastrously relieve the situation.

Competitive profit-seeking, with its high-power salesmanship, is thus seen to be traveling constantly in a vicious circle. Manufacturing cost per unit in each plant depends upon the number of units turned out. Hence when the market breaks and output de-

clines, manufacturing costs go up. Therefore the necessity of increasing competitive salesmanship in order to try to keep up output so that costs may be kept down, and if possible prices. Then it turns out that the cost of salesmanship far outstrips the cost of manufacturing, and the consumer pays for an automobile or a book—and for most other things—from five to ten times what it cost to make it. Thus in the end the remedy of salesmanship increases the disease of rising costs to cure which it was invoked. The only relief possible under the profit system is to reduce investment and limit output. Therefore this is exactly what the Trade Associations—with the aid and approval of the Department of Commerce—are attempting. Among other things, their statistical departments give their members exact information concerning the daily output of the industry. The whole procedure plainly abrogates free competition and also competition in ability. It evidently leads to some degree of price-fixing, and demonstrates again that the outcome of the competitive struggle is some form of monopolistic control.

One of our younger economists has recently undertaken to show that the technique of mass production, combination and increased capital charges so necessitates rising output and lowering costs that in manufacturing industries it is likely to bring about that identity between making goods and making money proclaimed by the classical economics. He is careful to point out, however, that such a demonstration in this limited field of money-making would not solve the economic problem. The argument admittedly

rests on the premise of the necessity and efficiency of pecuniary self-interest as the predominant incentive for economic activity. But this is an assumption which has never yet been supported by an adequate analysis of economic behavior and its consequences. Also the misleading effect of this assumption is increased by the habitual use of the term "money economy" as though it were inevitably synonymous with "money-making economy," as though money and prices could not be used without either profit or the profit motive.

Moreover, the facts compel this latest and somewhat hesitant champion of the alleged identity between personal profit and the well-being of society to concede that the compulsion to reduce costs and increase output under competitive profit-seeking can operate only up to the limits of expansion in the market. Then monopoly restriction is likely to be more profitable, and anyhow is certain to be attempted. But the market cannot expand forever, as Great Britain,—the first of the industrial nations—to her sorrow is now finding out. Long before the natural limits of expansion are reached, however, the profit method provides its own limits to the market by weakening and destroying effective demand throughout the bulk of the population. This result of its disproportionate distribution of purchasing power cannot be avoided. When it occurs, at once the remedy of restriction of output is tried.

Thus again it appears that the money-making economy is adapted only to the temporary situation of expanding markets and that the inevitable result of

competition for profit is some kind of monopolistic control. But even if those who seek to rationalize and justify our existing economic arrangements can make good their claim of increasing output and lowering cost, they must then prove that this result will give the most benefit and satisfaction to society. The question of quality is finally of more importance than that of quantity. The human cost of the production of goods is a truer index of value than their cheapness. In view of the increasing complaint about the nature and consequences of the things turned out in such mass and with such speed by the money-making methods, its present defenders cannot, like their forerunners, avoid the basic question of values by assuming that, because it buys them, these are the things society most wants or needs.

Meantime, however, competition for profits does cut price at many points, but the conclusion that this is either an unadulterated economic gain or a social benefit does not follow. Who knows whether the net result of competitive price-cutting is restraint of undue profits or wage cuts and bankruptcy? Moreover, it is a curiously disjointed argument that offers us both cheapness and quality as the benefits of the competitive method. Certainly these are no Siamese twins. Ever since Kingsley coined the phrase "cheap goods and nasty" as the title of his indictment of the products of England's sweatshops and the worst of her factories, the record of the human cost of such goods has been lengthened. When competition for profits turns man the creator into the builder of ramshackle slums, the maker of worthless goods and ruth-

less exploiter of his fellows, it has become the means by which he destroys his own soul.

There remains the basic claim that competition gives us the survival of the fittest in goods and services. This of course would be true if it were only competition in excellence, but it is quite misleading to assume that all the various forms of current competition are the contest in efficiency of goods and services that was naïvely assumed in the early descriptions of the competitive profit economy. The relation between financial returns and quality of product is not so clear in the case of a merger as it is in a small manufacturing corporation, and there it is less direct than it was in a small one-man shop, where maker and users of its output met face to face. A wayfaring man can see the common benefit resulting from the desire of craftsmen to excel, but it takes a trained economist to discover it in the case of two great oil companies fighting for possession of a new field, or two groups of speculators maneuvering for a killing in the stock market in some industrial stock. In small business the desire for excellence in product or service is often the dominant motive. As business becomes larger and more impersonal, especially as it gets organized by and for finance, there is a tendency for the product to become less real and therefore of less concern to the management. This is notably true if the dominant directors are of the type that is chiefly interested in speculative gains in the stock market. Competition between such concerns is much more a struggle for power than it is a contest in economic efficiency. The quality of the product is left in the

hands of technicians, subject to the exigencies of financial policy. In such a situation these technicians become hired men, not experts with powers of decision. Their competition in service is aimed first at profit-making for the corporation, and the benefit to the public is obviously more indirect—and is therefore likely to be less—than in the case of the competition between their forerunners, the highly skilled craftsmen, or even that between small business men.

One of the first results of the big combinations for better money-making is a trend toward improvement of product and lowering of cost. The need to get and hold the market works exactly as it does with individuals. Then, as capitalization and competition both increase, there is a tendency to cut the quality to meet the demands of tremendous capital charges and the cry for lowered prices, which are difficult to effect because of increasing sales cost. The more effective this kind of competition becomes—that is, the more successful the money-making—the stronger the trend toward reduction of quality, the more the consumer suffers for the benefit of the promoter and the innocent investor to whom the securities have been sold. Henry Ford says competition gives a man experience in the improvement of production; but he has always been unorthodox. From the beginning he has put the product before the profit. So far, then, it is a competition in ability, not in money-making, that he is talking about. The present results of competition in money-making, through big, consolidated industries operated primarily for dividends, is the intensification of economic warfare with a diminution of social

benefits. The trends toward reduction of quality and increase of cost appear to be more permanent than those in the other direction. Certainly competitive ability in advertising is no guarantee that we will be able to buy the most scientific kind of tooth paste. In more than one commodity quality has gone down when the national market was captured—as any housewife can testify.

Nor is it clear that competition in producing dividends will bring to the top the best provider of services. The chief executives of various big industrial organizations are now financiers, who have had no factory experience. Many of our railroad presidents are manipulators of securities, not traffic experts. It now remains to be seen whether technicians can render their best service in subordination to the masters of finance, whether the man who knows how to best produce necessary goods can do it when subject to the orders of those who must make the most money possible for their stockholders. Certainly our electric-power people who have got to the top in the competitive struggle have yet to give this country the benefits that Sir Adam Beck brought to the people of Ontario by eliminating competition for profits. That the survival of the fittest in the money-making competitive struggle means the fittest to survive from the standpoint of economic efficiency is no more demonstrable than that modern warfare with its mass killing weeds out the physically weak as did older forms of combat. The conditions of fighting have changed as much in one case as the other from the simpler days when the craftsman who best served his neighbors

naturally got the best reputation. Until it gets a set of public standards for the commodities it uses most, and gets them enforced, the modern public simply cannot know just how well or ill it is being served by competitive business enterprise. But such comparisons as have been made for similar commodities between what the ordinary consumer pays and gets and that paid and received by Uncle Sam, when he buys on the basis of the exact tests furnished by his Bureau of Standards, indicate that the consumer is getting much the worst of it. But the services of the Bureau are not available for the consuming public. That would be to destroy private initiative and prevent the infallible working of the sacred principle of competition.

It is apparent that whatever capacity the competitive principle has to develop technical efficiency can be fully developed only when industrial technique, in harmony with the nature of the science behind it, is directed consciously to the advancement of the common life. Then it is indeed emulation in excellence and not competition for gain. In the former case the gain accrues to all, in the latter case only as much of it as is necessary to enhance the profit of the individual. This is a reversal of the situation that obtains in athletic competition, in which the activities and rewards of the individual are entirely subordinate to and controlled by the interests of the group he represents. In our present economic competition the consumers' interest, which all the participants are theoretically supposed to represent, tends increasingly to be ignored. What they get out of big-scale, plan-

less competition is overproduction, which then turns out to be underconsumption. As the competitive struggle gets more and more to be organized warfare to get the largest possible share of the social surplus, its benefits grow demonstrably less.

The conclusion that the outcome of competition for profits is the survival of the fittest, in terms of economic efficiency, is the result of arguing in a circle. Our present form of competition is not what it purports to be, nor does it give us what it claims to provide, because at the outset it commits the fallacy of assuming that competition in money-making is equivalent to competition in service. In fact, they sometimes are, but as methods of money-making are perfected they have less and less to do with each other. That is why we get the opposite results we were promised from the working of the law of competition. A recent study shows point by point that the facts in the bituminous coal industry absolutely contradict the five laws laid down by orthodox textbooks concerning the benefits flowing from competition. In each case the exact opposite happened. And the root difficulty with bituminous coal is not too little but too much competition. The recent crisis in that industry is directly traceable to the fact that new capital came competitively into a situation which was already overcapitalized, overmanned with both operators and miners, and overproduced. Stocking, in his book on *Oil Industry and the Competitive System*, shows that in this important field the chief result of competition has been a tremendous waste of resources that cannot be replaced. But again it was competi-

tion primarily in getting rich quick, not in rendering service from which an income was therefore to be derived. The latter method has social utility. It can become a part of that social development which the ethic of Jesus both registers and incites. But this method cannot prevail as long as the profit motive operates. The effect of that incentive is to destroy competition in its more beneficient forms and to excite its more ruthless aspects. Then the idea of service is brought in to rationalize the results exactly as is done in the case of war.

But what benefit does anybody gather from economic warfare, which is what competition has now become? Who profits when capital and labor fight each other for the larger share of the product? Who gains when the farmer fights industry, the bankers, and the middlemen for a larger share of the national income? How long can the world stand the high cost of such competition? Is it not time for the nations to realize, as they are beginning to do in the matter of war, that the competitive, planless struggle for profits is everybody's loss, that it offers no way out for man from the jungle of his hates and greed. It rather tends to intensify the darkness and to strengthen the entangling grip which these passions throw around his steps because it organizes his economic activities on the basis of a conflict of interest and decreases the area of mutual concern and effort. Hobson holds that "No graver injury has been inflicted on the mind of man in the name of science than the prepotence which the early science of political economy assigned to the competitive and combative aspects of

industrial life . . . an error of the first magnitude . . . this teaching stifled the growth of intellectual and moral sympathy between the various human centers of the industrial system and impaired the sense of human solidarity which apart from its spiritual value is the mainspring of efficient economic organization." Demonstrably this development of unsocial and anti-social attitudes does not result from emulation in excellence in science or even in athletics, with which economic competition is not infrequently confused.

Recently one of our younger economists has pointed out that we need not only a moral but an economic equivalent for war, that we are unlikely to develop either the ways of peace or the mind set toward it as long as the ways of work are organized on the basis of conflict. He says, "But the fact is never faced that war is only the force majeure which is inevitably involved in conflict. . . . For conflict is the literal translation of a word which is held in almost reverential esteem among us: competition. We conceive of competition as furnishing the motive force of the social system, and especially, of course, that part of it which is devoted to economic pursuits. But war—both civil and international—is its concomitant." A glance at our foreign policy makes this plain. It was quite natural for those who had been taught that economic harmony came automatically out of conflicting self-interests to superficially assume that war could be ended through war. Because for over one hundred years we have been doing the work of the world on the basis of conflict, by the fight

method and in the spirit of battle, and thus conditioning the peaceful pursuits of industry toward belligerency, a rising militarism now argues that we must protect our gains, and the State Department attempts to dictate our ideas and forms of property to the weaker nations where we invest capital that is needed to raise the standard of living here.

The psychology that interprets the conflict attitudes of modern life as entirely a hangover from earlier anthropological patterns is incomplete. They are the heritage of the past, but it has been increased by the modern organization of work life on a power psychology, replacing the taking of slaves in battle by the taking of labor tribute from the vanquished in the competitive struggle. Here is where we have sown the dragon's teeth of conflict in the peaceful fields of work. Hence the patterns of imperialism develop in the minds of a traditionally democratic people. Once again we develop the rule of the strong by the competitive process, and the strong then attempt to keep others down. The philosophy of life that attempts to justify this process is not aristocratic but barbaric; it gives us not the best but the strongest as rulers. Discussion of the democratic way of life is vain words, therefore, if it does not reckon with the fact that the basic principle of economic method in the modern world is conflict.

The effect of the doctrine of competition upon the attitude of our society toward the future is even more serious than the consequences its practice is bringing in the quality and cost of our economic goods and services. There the perfect result of its operations

would be the survival of monopoly for profit. It is the growing realization of this fact, and the experience of some approximation to it, which creates a general suspicion of coördinated effort even when it is technically necessary. The people justifiably fear coöperation for profit even more than competition for profit, not seeing that it is after all only the latter grown to full size. Thus there is erected an emotional and mental barrier against technical progress in the economic world, which requires ever-increasing coordination of activities. This fear, conjoined with the conflict attitudes engendered by our present economic method, prevents this generation from entering the new world that lies open before it in the improvement of human living through the further utilization of science.

This course can be followed only by the further development of the values recorded in the ethic of Jesus, for that teaching calls men away from strife and toward mutual endeavor; it develops coöperation and makes competition indeed subordinate to it, because it makes the common good and not individual advantage the chief end of life. Therefore it uses the competitive principle to that end in the form of a contest of skills, which binds men closer together instead of separating them in hostility—as it did recently that little band of scientists of different nations and races who gave themselves unto the death to discover the germ of yellow fever.

Such a course of life cannot be followed in the economic world as long as the illusion exists that competition in money-making is equivalent to, and identical

with, competition in service. That illusion has prevailed as long as it has because it has been exceedingly comfortable for the money-makers and their dependents. It has sustained the power and the conscience of those who won in the competitive fight for profits and of those who have succeeded to their privileges without any succession to the rigors and hardships, or personal contact with the unethical aspects, of the struggle. They are the fit who survive! The cause of absolutism was never better served by the church with the doctrine of the divine right of kings than it has been reënforced by economics with the doctrine of the divine right of the money-makers. It is therefore to the essence of money-making that our enquiry must be directed, and particularly to its official justification as the process of utmost economic efficiency. It is the profit motive which must now be examined.

CHAPTER V

The Heart of Industrial Society

According to accepted theory the force that keeps our economic life going, the source of its efficiency, is the profit motive. In their book, *Profits*, Foster and Catchings call it "the heart of industrial life." They view it as "the chief urge to business activity"; they "see no possibility of running our machinery of production and distribution, however unsatisfactory that may be, except under pressure of the profit motive. . . . That motive, in our view, is and will remain the heart of industrial society." In his still more recent description of *Our Economic Institutions*, Thorpe calls it "the vitalizer of the economic system." He holds that the institution of business enterprise puts life into the organization of society for production, exchange, and distribution, and says of it: "Business enterprise is the making of money, the securing of profits. The chief incentive in our system is the desire for profits. . . . The student was quite correct who was asked, 'What is the purpose of a bank?' and answered, 'To earn profits for the stockholders.'" The counsel for public relations of some of our biggest industrial and financial concerns, in a public address,

recently described the profit motive as the greatest energizing force in economic affairs. What, then, is profit, that it is able to evoke such dynamic energy from men and perform such Herculean labors for human society?

The definition of profit as a fact is made for us by the accountant rather than the economist. In its strict sense it is the net surplus of an enterprise at any given time after all the costs are met or provided for. These costs include, in addition to the cost of materials and the wages of labor and management, fixed capital charges for rent and interest, an allowance for depreciation and replacement, and a reserve against the inevitable lean year. Factories wear out like men and must have their allowance for renewal. Mining accounting writes off an extra capital charge against profits because in time its entire capital plant gets exhausted. The tendency is to make insurance against bad debts also a fixed charge instead of leaving them to be written off later as loss. The individual business man could meet these charges out of capital into which profits have been crystallized. The corporation whose dividends are scattered, must meet them by withholding profit for that purpose. As business becomes more and more a common enterprise it will recognize that all of these items are part of its necessary cost, to be met by any kind of business under any economic system. To be sound an economic undertaking must carry and renew itself, as life does. Capitalism has taught us the truth that we cannot live long off our capital.

In the common talk about profit there is much

confusion because it is often thought of, in the terms of simple trade, as the difference between the price paid for an article and the price received. Thus the shopkeeper or pedlar talks about his profit. That difference represents his livelihood as well as his rent and other costs. So we say that a man is not in business for his health. So a supposedly educated man says, "What are you criticizing profit for? You have to have a salary don't you?" So the farmer, unless he has been taught by the agricultural college to keep books properly, figures his profit after his crops and livestock have been sold without taking out anything for his labor, depreciation of buildings and machinery, or the carrying charges on capital invested in the farm. This makes for ethical confusion. There is a real moral difference between a profit which represents payment for a man's services—often very inadequate payment at that—and what remains after he has been paid sufficient to provide a good standard of living for his family, and other necessary costs have been met.

The ease with which confusion occurs between the current uses of the term profit—gross and net surplus—is shown by a comment of Foster and Catchings on the case of a bookseller who spends much money trying to get people to read what he thinks are good books, announcing that he is in business not to make money but to spread the habit of reading. Concerning his statement these usually careful writers say, "This is nonsense. If his first aim is to spread the habit of reading he is not in business at all; he is in philanthropy. . . . For it is only a successful busi-

ness man—a profit-making man—who can pursue his ideal with practical results in the actual world." Precisely! That is if profit-making is construed in the sense of making necessary costs, including his own maintenance and security. But because this man has chosen not to take more than that, to give net profit to the consumer in the shape of better and cheaper books, to say that he is not in business but in philanthropy is a strange conclusion for writers who have made a careful analysis of profits, separating what they call pure profit—the net surplus—from gross returns. It shows how easily the common use of a term in two senses can confuse minds which are well aware of this misleading habit. Also it reveals the need for an analysis of the profit motive. What has the necessity of every business to make expenses to do with the desire to make as much money as possible? Both ends may be pursued for a variety of reasons.

The confusion between the two meanings of profit is increased by the habit of those economists who persist in talking of it in terms of a single, simple transaction, as in the early days of trade. Thus they describe it as the difference between cost and selling price, and the difference between the market price and the total of all costs of the product. They know what they mean by costs, but the average man does not. Moreover in these days when corporations run a number of interlocking businesses, they often make a net profit a number of times between their several parts, which is often concealed in the total outcome as a cost charge. There is also profit made from transactions within corporations, in which their dominant

figures take advantage of inside knowledge. How does the description of profit as the difference between cost of product and sales fit such transactions? The infamous Continental Trading Corporation did business for one brief day of existence to make three millions for the officers of certain oil companies at the expense of their stockholders. The producing costs of the oil sold in that deal had already appeared upon the books of one corporation and a profit shown. It was like selling on the stock market with inside knowledge. Clearly profits in high finance are not of the same nature as profits in trade or manufacture or farming, and need to be analyzed separately. The same is true of the complicated and cumulative profits of big corporations.

It is clear, however, that, as in the simple case of trade, there is in these involved transactions a surplus accruing to the profit-makers above the economic value of their time and other costs. Profit-making, then, is the creation or acquisition of pecuniary value. Apologists for the profit method are fond of saying that a good trade is one that benefits both parties, but if they are mutually benefited there will be no profit, in the correct sense of the term. There may be a social increment by the fusing of their effort or their function as consumer and producer, but between them it will be an even exchange. Profit, as Adam Smith saw, is the exchange of less labor for more. The fact of profit is that the profit-maker acquires what he did not create. And the more he makes without equivalent return, the better the day's

business. This appears clearest in speculation on the stock market or in land. The best day's work is when values go up suddenly and a man reaps where he has not sown.

When we ask the traditional economists about the nature of profit, it is significant that they begin to talk in terms which are ethical, even those of them who object to the injection of moral considerations into a field where, they assert, the fact-finding of science should reign supreme. They tell us first that profit is the earnings of management, and the very term earnings throws the cloak of justice over the results. Those who claim to keep sentiment and opinion separate from facts certainly need a more factual word to describe certain types of profit, for instance, purely speculative gains, or the results of inside deals. One of our wealthy men, now prominent in politics, boasts that he and two of his friends borrowed ten thousand dollars to put into certain industrial securities, and that in a few years, by various manipulations, they had accumulated eighty millions. To call such increment earnings begs the question of whether any economic return has been given for the profits taken. A railroad magnate does not make two hundred millions in ten years by managing traffic. It is because of the divergence of a lot of the results on the stock market from the concept behind the term earnings that some economists have so strenuously sought to find a justification for that institution in determining and stabilizing prices, though the recent crazy behavior of

the market, contrary to all that is known or reasonably apprehended about the conditions of business and in defiance of all attempted curbs, makes that justification almost a superhuman effort. But it will not go without reward.

What the economists really mean is not that net profit is the labor income of the management but that it is extra earnings secured by higher efficiency in a competitive market. In some cases it may be. But the recent tremendous surpluses of some of the great industrial consolidations in the face of general low profits and losses are due to monopolistic factors and manipulations of securities, as well as to efficiency. Whatever was due to managerial efficiency is in part ascribable to low labor costs, part of which represents work under forced draught and some of it low wages. The cost of a lot of these high-speed profits is yet to be borne by the community in used-up workers, left without support. Certainly the wage-earners who have been driven to increased per capita production have a claim on part of these earnings; they do not all belong morally to management. But in only a few cases are they shared. What is more pertinent still, most of these high profits do not go to the actual managers of industry but to stockholders, and in the big corporations the stockholders have practically nothing to do with management. In some cases the administrators and technicians share in the melons when they are cut, but mostly it is financial manipulators and absentee stockholders who benefit. The fact that modern management has a double aspect—the supplying of technical efficiency in production

and distribution and also financial direction for the making of profit—challenges the economists to show us that the latter aspect has the same social meaning and moral value that manifestly belongs to the former.

Thorpe finds profits arising from two sources; technical efficiency and pecuniary strategy—the latter being "the effective manipulation of the prices and values in which the business man deals." It is in this field "that the business man now concentrates his energies in order to reap the largest profits—the field of financial manipulation. Here he is concerned not so much with goods as with values." Concerning the outcome he says: "As it develops technical efficiency the profit motive is in accord with social welfare. But in the case of financial strategy, it is hard to see any continuing relationship between the profits won and social welfare." Yet here is where "the business man now concentrates his energies." Clearly, then, what we need from the economists is not a blanket approval of profit under the term earnings of management, but an analysis of the extent of pecuniary strategy and its success. Yet in their book on *Profits* Foster and Catchings, following the orthodox procedure, discuss the matter as though it were entirely a process of the making and selling of goods and getting sufficient return therefor to keep that necessary function going.

The same limited view of the facts, combined with a more direct claim of moral sanction for profit under the term earnings, appears in the report by a writer on industrial relationships of an interview with a manufacturer whose plant he was studying. This in-

dustrialist happens to be an earnest follower of Jesus who has endeavored to work out just and democratic relationships in his organization, and this is the result of his experience: "Some of my friends at the Meeting House keep telling me . . . that the teachings of Jesus clearly indicate that business should be conducted for service, not profit. I cannot go along with them in believing that the profit motive should be eliminated or even greatly subordinated. If the product of a business is useful, it seems to me that the profit it is able to earn is the best measure of the service it renders. I believe this prevailing economic standard for measuring service, crude as it may still be, is socially useful. When the profit earned is distributed within the organization to each individual in proportion to his contribution to the value of the product, then it seems to me justice obtains. Indeed, I feel this so strongly—that if new and much stronger evidence should be discovered that Jesus taught that the profit motive should be eliminated from human relations, I should have to say: 'Greatly as I revere the teachings of Jesus, I cannot now, in the light of my understanding of human experience, accept that doctrine'."

Before that statement could have any real point it would be necessary to discover just what is meant by the terms used—profit, the profit motive, service, and earned. Refuge under the vague term profit motive is just as insecure for the practical business man as is similar shelter under the equally spacious term service for the sentimental religionist. The same is true for that equally indefinite word justice, which

with the best will in the world turns out to be the guess of the owner or his representatives as to what was the contribution of each individual to the value of the product, and always on the assumption that owners and managers live on a different scale than mere wage-earners. What validity is there to the conclusion that profit is the best measure of the service of a business, when the test is limited to those forms of business whose products are useful? That is to beg the larger part of the question, for the profit motive operates in a much larger area. We do not get a standard for measuring the performance of machines that way, or testing chemicals. This man's business happens to be the making of a highly useful product. Yet some that are highly disastrous to society earn bigger profits, such as bootlegging or putting water into stocks. Does the profit on cigarettes show which brand is the most useful? On the other hand, some of the most useful forms of economic service, for instance most of agriculture and a lot of retail business, earn no profit whatever. Of what value, then, is such a standard for measuring the social utility of business? It is one of those things the God and man can afford to wink at only as long as there is ignorance of better ways.

But even if profit were a measure of the social utility of the product of a business, what would that prove about the profit motive? How would that demonstrate that those who made or distributed the socially useful goods were actuated by the amount of profit they were to receive? This non sequitur runs through the whole profit motive discussion. Instead

of analyzing experience, this business man is answering the stereotype of his Meeting House friends concerning service with the bromide of the business world about the profit motive. That this conventionally vague statement should be hailed as a "startling affirmation" by a competent writer on industrial topics is a little evidence of the fog in which this whole talk about the profit motive proceeds. But perhaps he means it is the willingness to abandon a very crude view of the authority of Jesus that is startling. There is fog in more fields than one. In order to find out what is the relation of the ethic of Jesus to the morality of profit, and the relation of both of them to the future of mankind, it is necessary first to see clearly what the profit motive really is.

Another attempt to get at the nature of profit defines it as the reward for risk-bearing. This is often its final justification when it can no longer be defended as return for ability of management. Foster and Catchings declare reward for risk to be "the essential element in profit" when they are trying to defend it from the charge of being something for nothing. Then curiously enough they cite in defense of this position the fact of receiving interest on money loaned to a savings bank. But such increment is obviously not profit. As long as the capitalist economy prevails, a limited interest is merely the wages of capital, which in corporation finance is a fixed charge, just as much as the wages of labor or management. Profit begins only after that is paid; and in numerous cases the common stock which gets the profit represents no investment of capital. The

differing rates of interest, according to hazard, represent payment for risk-bearing, and the legitimacy of this reward is conceded as long as an interest system obtains. Is there, then, to be an additional reward for risk? If so, who is entitled to it? The sad case of certain bond-holders, particularly in some railroad properties, is now raising some interesting questions. They put actual cash into the enterprise. They shared in none of the profit, and the property is now insufficient to reimburse them for their investment because it has been wrecked by those who took vast speculative profits out of it. These persons, then, were rewarded for risking and losing the other people's property for them. Clearly in this theory of profit as reward for risk-bearing we have another of those deceptive generalizations which, as an early critic of classical economics said, make it like classical sculpture that is unable to represent the actual outlines of the individual man with his imperfections.

Nobody knows to what extent profit may or may not represent a fair return for carrying risks in the community behalf which the public is not yet ready to have carried in its own name. It is obvious, however, that there is a tendency under the profit motive to shift the risks and still take the profit, as in passing on highly watered securities to investors while retaining sufficient control to give access to inside profits. Also it is clear that risks in general disappear with the increase of knowledge and the extension of insurance, like that which protects the farmer's crop from hail or the business man from bad debts. Moreover, the risks of a particular business diminish as its

habits and position are established. To collect for risks that do not exist is not even decent gambling, only a shell-game. Therefore, Ramsay Muir reports, three thousand British Liberals, business men of experience, decided after due consideration that in those forms of business whose routine was settled capital had no just claim on profit, it was entitled only to its wages—that is, to proper interest—and its owners should participate in profit only if they contributed effort to the undertaking. But in this country we are still defending profit in general as the reward of risk-bearing. What chance of failure has the United States Steel Corporation? What risk was borne by those who have taken big profits out of the formation of recent mergers? If a list of the biggest profits of recent years is made, they will be found in many cases to have no relation to any risk incurred. That relation obtains most in the early stages of an industry. It is the characteristic condition of new developments. Later profits more often come from perfection of process, control of market, elimination of competition. The program of those, who, like Foster and Catchings, desire to remedy the abuses of profit while retaining the profit motive is to reduce the size of profits by eliminating risks and increasing the knowledge of the business situation. But the biggest profits in legitimate business are being made by those who have most reduced risks by securing the best knowledge and the largest control of the market.

In those cases where a factual relationship between profit and risk can be established, the claim of the profit-taker is not morally validated unless the profit

is divided to compensate all who have carried any of the risks involved. That means first labor, which has hazarded life, limb, and the working strength that lasts only for a time. In any rational society the risks of labor would be provided for first, for—as Abraham Lincoln once said—the interests of labor are prior to those of capital, because capital in general is created by labor in general; therefore the material wealth of a nation can be more easily replaced than its man power. At present we are facing a bad situation of unemployment in certain industries in which big profits have recently been made, because of the theory that the risk of capital entitles it to all the net gain. Therefore no provision has been made for this cost of doing business. When the automobile market breaks, how much of the millions that have been made in motor stocks will be available to feed the unemployed workers and their families? For that we have bread lines and soup kitchens, with their consequences in the deterioration of society. That risk the community carries and pays for dearly.

The larger the units of business organization, the more coördinated and social it is, the more the community joins in carrying its ordinary risks, the wider are the consequences of bankruptcies, bank failures, factory and mine shutdowns, and strikes. As the community looks at the size of this bill, and also at the loss it has suffered in its natural and human resources from risking them in the hands of private enterprise for profit, it is increasingly minded to take directly all the risks of certain essential undertakings. Those who are now fighting public ownership of

public utilities are not in a good position when they claim payment for carrying risks and at the same time do their best to prevent the community from relieving them of these hazards, even to the extent of making the public pay for the propaganda which keeps it from knowing and doing its own business. Surely those who insist on playing the game of private enterprise should play it at their own cost. To continue industry on the basis of risk and to defend profit as reward for risk-bearing, when the capacity to eliminate risk is available, means a preference for ignorance instead of science, for the excitement of gambling instead of the satisfaction of adjusting means to ends. But progress lies in the reduction of ignorance and the elimination of chance. The larger the element of gambling in an occupation, the less it is amenable to the moral code of ordinary profit-making business. Stockbrokers are notoriously less conscientious regarding the interests of their customers than are business men in general. Some of them have no scruples against sacrificing their clients in their own speculative ventures. One of these thus expressed his ethics: "Suckers are born every minute; the glamour of easy money gets them all. One goes, two come in. Win or lose, we got our commissions."

Whatever justification may be found under our present arrangements for certain forms and degrees of profit on the basis of reward, the whole argument is factually and morally one-sided. It pays too much attention to origins, too little to results; it concentrates on effort to the exclusion of need. The question of distribution of income must also be ap-

proached from the viewpoint of consequences, and that in the end is the determining factor. Indeed, the capitalistic scheme partially admits that criterion when it asks us to tolerate a certain amount of injustice and inequality on the ground that this brings efficiency in the production of goods. It is therefore by the results of profit that the profit motive must finally be judged. What they are in the case of excess profits and huge income is too well known to need repeating. It is the damage done to human nature by profit-making as the ordinary course of business that needs assessment. And that requires a further development of the question of the nature or essence of profit.

The Treasury Department has contributed something to this quest in writing down its category of unearned income. This covers all income not received as return for service personally rendered. This term is a concession to early American ideas about the virtue and value of work, and it is a broader classification than is necessary for our purpose. But is not net profit, namely, that which remains after all wages of management and of invested capital have been duly paid, with allowance for depreciation and insurance against real risks, something unearned by any individual. It is an increment accruing from a pool of energies or resources to which various participants have contributed. The result is possible only by the collaboration of the consumer, whose share in the profit is scarcely recognized. Indeed, if his share is put back in the business, he is then charged a further profit upon it, instead of being credited with it.

Concerning net profit, Henry Ford says, "That money is the public's money"; and he then proceeds to use it for them without their leave—except as it is expressed indirectly in the competitive market in the improvement of the product, the raising of wages, and the reduction of price. But to carry out his unorthodox conception of profit he had to buy out certain stockholders who claimed that the profits should go into dividends, not back to the public; for the courts not only awarded these objectors their customary tribute, but for good measure also threw in a statement that the purpose of a corporation was to do none of the things that Ford was doing for what he conceived to be the benefit of the public, but to make profit for the stockholders. The community also has made a heavy contribution to the pool of profit by creating and guaranteeing the market, and by supplying the fund of technical resource which has made modern business possible. But its share too is unrecognized and unpaid. Clearly, then, if the whole profit is taken by any of the contributors to this common pool, they are getting something for nothing. Whatever they get over and above their particular contribution to the increment, which is indeterminable, is not earnings but rather findings; and in some cases it is takings, deliberately planned and secured, just as in any other form of robbery.

If all contributors to business enterprise had legal claim to costs, especially labor and the community, there would be no profit most of the time, because profit is now often declared while labor is left with a deficit, to be ultimately carried by society. But

profit today belongs only to those who have title to the enterprise; it cannot be claimed by the rest of the participants. Their labor or resources may have been taken to make it, but that is not yet recognized as theft. Gradually, though, the definition of that term is being extended to cover more kinds of profit-making, and in the end it will reach them all. Logically and ethically there is no better ground for appropriating part of the life and energy of another person than for taking it after he has transformed it into something he has made. The transaction is degrading to both participants, even though it is validated as good business. If speculators choose to gamble with each other at their own risk, that is one thing; to take the hazards of a socially useful enterprise is another; to fleece labor and the public in the shell-game of sure-thing profits is something different.

Yet the more a business man gets for nothing the more fortunate he is counted. An insurance advertisement addressed to college men tells them they will need protection for their family because the business world is organized to get their money away from them if it can. The nature of this procedure is concealed from us because the trader has made most of the morality and a good deal of the law of the economic world since the days of Hammurabi. Also the essence of the transactions involved have been hidden within the complexities of modern business and the intricacies which finance has piled on top of it, until the subject is, like higher mathematics or the dead languages, known only to the initiates.

As a general rule the purer the profit is, and the

older it is, the more findings and the less earnings it has in its make-up. Gains from speculation, manipulation of securities and inside deals, also most returns from inherited wealth, are of this composition. How much of profit is of this sort no man knows. Certainly the trend toward inside profits and the floatation of expanded securities shows no sign of diminishing. One of our financial journals estimates that better than half of our corporation securities now represent "goodwill." The Federal Trade Commission investigated inside deals and found plenty of them with profits running from thirty to one hundred and thirty percent, where not a penny had been put in nor a fragment of risk taken. The Teapot Dome deal made at least a part of the hundred millions that its originators boasted about, and many people whose names have never been in the papers shared in the profit. The innocent investor puts his hard-earned savings into some common stock that to begin with was pure water, or goodwill as the financiers and economists like to call it in order to live with their consciences, since morality does after all function in this universe; he is not getting something for nothing, but the promoters did; and the industry, and ultimately the community, is paying for what it never received. All it got was debt. Concerning a similar situation, history records that when the peasants in certain parts of Europe finally became tired of the exactions of the landlords, the generous and kindly had to suffer with the rest. Therefore it might be well for the honest investor in certain securities to reflect in time upon the comparison between his

position and that of the ignorant buyer of stolen property. If they are similar, social morality—and after it the law—will some day say the same thing about the disposition of the one that they now say about the other.

Even this brief analysis of profit is sufficient to show that it may be any one of various things or several of them combined. In the popular use of that term, profit may be labor income or wages of management; it may be wages of capital borrowed or invested. As pure or net profit, it may be the result of superior management or greater risk-taking; it may be something for nothing—pure lucky findings or plunder carefully planned and safely secured. In general it is all of these things, in specific cases it is usually several of them in varying proportion. If this complex be profit, what then is the profit motive? If motives are anticipated ends, which of these ends do men desire under that title? Also it must be remembered that there is a purely negative aspect of profit as the term is commonly used—the escape from loss. If an enterprise meets its costs and pays its way, making no pure profit, it has evaded the risk of loss. What part does the desire to avoid failure—to exhibit success in a useful enterprise but not in a fortune taken out of it—play in motivation?

Is a man energized in economic activities by the necessity of having a labor income that will keep up his inherited family standard or increase it to that of the Jones? Or, by having to meet interest charges on borrowed capital? Or by not wanting to fail in business? Or by the desire to get pay that he con-

siders adequate for his ability—that is, to satisfy his pride? Or by the passion for power? Or by longing for the social prestige that luxurious living entails in an aging society? Just why do men work?

The traditional theory that tries to justify profit and the profit motive assumes that all men want maximum income with minimum effort. But this is the economic man again—that pure myth put into modern clothes. Men are often as prodigal of their effort as of their income, just as nature is. They can be seen any day to be working for all of the things that are mixed and muddled up under the term profit. Therefore the profit motive means just as many things in the popular mind and in fact as profit itself does. Men also work constantly for what is never mentioned under this head—pure craftmanship and the love of their fellow human beings—because they get satisfaction in helping each other. And this they do between times, even while they are working under the stimuli provided by the competitive profit method.

But these varied incentives have different social consequences and therefore different moral values. So that to know whether or not the profit motive is efficient and indispensable, all these things will have to be measured and evaluated. In order to secure the necessary data for this undertaking the psychologist needs to come to the aid of the economist. At present little movement in that direction can be discerned in either science. Acceptance of the profit motive, despite the fact that it so plainly includes many things, is well-nigh universal. In our universities today laissez

faire and competition are under criticism, but the profit motive is still too sacred to be dissected, or even to be viewed with that skepticism which is one of the beginnings of knowledge. It gets much more reverential treatment than does the idea of God in academic circles, perhaps because it has been treated by the orthodox economists as the first energy of the human world.

What is really meant by the generalization of the classic economists concerning the energizing power of the profit motive is that the possibility of success in competition for money-making is the greatest stimulus for the production and distribution of economic goods. Whatever may be true in regard to other human activities—no matter if other incentives do operate in the professions, in the family, the state, and the church—they insist that for money alone will men do the most and the best economic labor. Leaving in the background the things for which money is wanted—security, luxury, power—they rest their case on the pleasure-pain theory of human action, concluding that money affords the greatest command of pleasure and is therefore the strongest possible incentive. This is also what the man in the street means when he says that a man is out for all he can get, that we would all get ours if we could.

This is not an elevating estimate of human nature, but self-esteem is saved by the doctrine that it all works out for the best. By putting money first, we get the most comforts and conveniences, and they constitute civilization. We are the acquisitive society, which is not a company of misers, but of red-

blooded go-getters, chasing the dollar not for its own sake but for the good that can be done with it. If we have dollar diplomacy it is because thereby we may help the weaker nations. Knowing well that all the great religions have emphatically warned men against the perils of the possessive spirit, we have discovered that money is the root of all good. At this point lies the core of the issue between our current economic morality and the ethic of Jesus. They both recognize the indivisibility of the individual and society, see that self-interest and the common good are inseparable aspects of life. But they differ absolutely in the order in which they present these two aspects of life to the attention of man and claim for them his effort. Our economic morality says that the advantage to be gained for oneself must take precedence as an end in view over the service rendered or the thing made; then these will follow. That is, the possessive attitude comes before the creative spirit, getting is put in front of sharing, brotherhood follows the enlargement of the self. The ethic of Jesus reverses this order. Both schemes of life claim to bring the greatest possible benefit to human society, but our economic philosophy insists that it is true to the facts, whereas our religion, it holds, is pursuing a mirage. It tells us that whether we like it or not, its account of human nature is in accord with the facts; the way it talks is the way man behaves, and in a practical world for practical purposes we must take human nature as we find it.

The first question, then, is whether the facts confirm this view of man. Is it true that he is so divided

within himself that the stimuli which move him to love and to war, to duty and to sacrifice, do not operate in the economic world, that money first produces the most and best economic goods and services? Obviously the first answer to the question of why men engage strenuously and successfully in economic activities is not the necessity of making a living but the fact that there is surplus energy which must be expressed. In our climate laziness is an acquired characteristic or a disease; it is not natural. A lot of activity has been credited to the desire to make money which should have been set down to the climate. In feudal days it would have gone into fighting; but the folkways of industrial society, just as binding as those of primitive days when habit first crystallized into custom, ordain that modern man shall express most of his surplus energy in money-making business.

A lot more that has been ascribed to the stimulus of possible profit can be written off to routine. The merest casual inquiry among those who are efficient in business shows that they do not all of them, nor many of them, always operate with their eye fixed on the possibility of gain, not even where the profit is the largest and the purest—that is, acquired with the minimum return to society. Even here other incentives play a part. The constructive business man likes the reputation of building up a useful enterprise. The burglar admits to the craving for the exciting hazards of his calling. The speculative financier enjoys playing the game. It is our misfortune and his if the game happens to be mere

money-making. A confidant of one of the richest men in the country informs me that he once spoke of his liking to make an occasional trade in the stock market, "Just to validate my judgment." Time after time those who have made big money insist that the money and what it would buy was not the main thing they were after, and this is not all rationalizing. The popular picture of the high-powered, non-stop money-maker is again only a modernized form of the myth of the economic man.

Whatever part the love of money plays in inciting economic activities, it is obvious that it does not always operate as the desire for pure profit, Economic security comes first and bulks largest. A man wants to take care of his family. As long as this means seeking a standard of living that makes for social well-being it must be considered a proper cost of business. The economic process must supply not merely maintenance for men, but also the development of life. When working for the family means supplying luxury expenditure and maintaining idle children, it is obviously detrimental to society. Income for this purpose usually comes out of pure profit, though the tendency in later years to scale up salaries to provide for such a family standard has become an increasingly improper charge on productive enterprise. For most people, family maintenance as the chief object of their business activity means seeing that the Joneses do not get too far ahead of them in expenditure and show. That is, it means keeping up with the kind of people they have been used to associate

with—in dress, house, furniture, and mechanical conveniences. Beyond that achievement the desire to make money does not drive them.

For the ambitious few it is a different matter. These are the people of energy who must be leaders. Once most of them would have gone to high place in the army, the church, the university. But since the machine gave business enterprise the power to organize and control masses of men, and to determine the destinies of populations by economic policies, most of the virile type must get to the top of business. They must get economic power and hold it whether they be the freebooter type that loves conquest, the administrator with a passion for welding men for combined achievement, or the philanthropist delighting in dispensing benefits.

What we face, then, in the argument for the profit motive as the source of economic efficiency is the old theory of the rule of the strongest. In philosophy it gave us the proposal of control by the wisest; in actual government it first put the fighter in power, and then under democratic procedure supplanted him with the manipulator, who now retires in favor of the business man. Recently the newly elected president of the United States Chamber of Commerce was hailed by his fellow townsmen as the unofficial President of the United States. In its origin our current economic theory celebrated the emancipation of business enterprise from the control of the state. Under its influence the slave has become the master. The present fact is the domination of government by business,

which supplies the funds and dictates the major policies. Hence ambitious men mostly go into business, not politics.

The theory of the profit motive, then, is the justification of concentrated power in the economic world. The laudation of private initiative means initiative in money-making for the purpose of getting power. When this power is mixed with the desire to "do good," it is sanctified by religion and blessed by the churches which it supports. But this is really a work of supererogation. In a land which believes in work and worships efficiency, the real moral foundation of the divine right of the money-maker is the economic doctrine concerning the results of the profit motive. Under this stimulus we are told the most goods flow to the most people, the fittest to serve come to the top. It is heresy to question it. There is, however, a growing body of evidence concerning the working of production and distribution under the profit motive which was not available when the doctrine concerning it was formulated.

When the profit motive is viewed as a force in the business world rather than as a stimulus moving particular persons, the first thing to be observed is that there are large areas where it does not operate at all. How much of our routine business, like the business of our government, is carried on by men who are not pursuing either profit or income with energy, who are much more interested in ball games or golf, fishing or gardening, than in business. There are multitudes of workers who never expect or hope to have any part or lot in the net surplus created by the common

activities or to make any money beyond a fixed scale of income. The fact that many of them make it an object to own some income-bearing property does not indicate the pull of the profit motive but of the need for family security. Wage-earners and salaried workers for the most part do not expect to share in the profit of the undertaking in which they work. Increasingly management is turned over to technicians who are not owners. Profit-sharing and employee stock-ownership is not yet general enough to alter the character of the total situation. The wage system is the other side of the profit system and there the stimulus of profit does not work to any appreciable extent. The chance of passing from the ranks of the wage-earners to those of the profit-takers still moves the energetic and ambitious, but as the control of business and the ownership of property become concentrated this opportunity grows less and the stimulus therefore dies down.

Within the wage relationship, of course, it is considered unethical for the worker to make a profit. He is expected to give full value in time and energy for the money received. The purchase and sale of labor is supposed to be a mutual exchange. Thus capitalism has a double standard of economic morality. What is right and efficient for the trader is wrong and inefficient for the wage-earner. But no double standard can work long; hence as capitalistic industrialism ages the wage-earners too expect to take as much and give as little as possible. The constant complaint of employers concerning the decay of the will to work reveals the situation, reveals also

an inconsistency in the doctrine of profit. If profit is the greatest economic stimulus, then we should expect the worker to be lazy when he has no chance to get it. If it makes for efficiency, then why not extend its operations to him? This profit-sharing attempts to do, but is checked by the fact that everyone cannot be a profit-maker. For profit there must be loss, for gainers losers. Indeed, is not profit justified by the fact that those who get it have survived the risk of failure?

On examination, then, the orthodox teaching concerning the profit motive turns out to be a doctrine for the few who are chosen and not for the many who are called. If it were the heart, the vitalizer, the universal force in the economic world that it is claimed to be, then we could properly charge to it all the ills of our industrial society. And they are getting serious. An economic society in which agriculture, coal, and textiles languish, in which unemployment is not even attacked, in which luxury for the few increases once again alongside of insecurity for the many, in which sabotage grows and the possessive desires develop faster than the creative spirit, is not healthy. And if the profit motive is the source of its energy, it is plainly a defective dynamic.

When the profit motive is considered in its broad form of putting money first—whether that money is wanted for security or for power, for a decent living, or for luxury—the case is settled. Money first has always and inevitably caused destruction of resources—human and natural—and loss of quality in product. The Webbs have set down the facts for

Great Britain in detail. The waste that Chase portrays for this country came partly from ignorance but more from the desire to make money as quickly as possible. The devastation caused by the spirit of money-making is now spreading to the spiritual resources of the community; it destroys alike truth, goodwill, and beauty. That the professions are being contaminated and corrupted by the desire to get rich is a matter of common knowledge and easy observation. The law has become a commercialized profession, says one of its teachers. Medical specialists are now charging fees that even the comfortable middle class cannot afford to pay. In many quarters the preacher is graded and ranked by the size of his salary. The last few big trees of the Sierras outside the national parks, of a variety unexampled and irreplaceable, must now be cut to make money for their owners. What else is business for? The last one of the continent's unique natural beauties left within a few minutes of a great metropolis—the Palisades of the Hudson—is about to be crowned with apartment houses and amusement signs. Is it not necessary to make as much money out of land as possible?

The degenerating effects of the love of money are too plain to be missed. To the desire to get rich quick we can trace deceits, adulterations, frauds—all the practices that honest business men seek to repress. After all the campaigning for truthful advertising by the upright men in that calling, fraudulent advertising in magazines still costs the American public five millions annually. One investigator shows that in one magazine only twenty-

eight per cent of the advertising makes explicit or implicit statements of fact. The rest is misleading. What part has money-making played in the breakdown of the prohibition law? The Chairman of the Board of the National Chamber of Commerce has just informed its annual meeting that "ruthless and unbridled private initiative must be curbed in the public interest." Instead of being an energizer and a vitalizer, the love of money appears to be a dangerous overstimulant.

The chance of restraining the spirit of money-making within the bounds of decency may be estimated from the degree to which in the past it has damaged the human instruments of production and wasted natural resources at the cost of its own future. To correct its excesses we have to appeal to its opposite, the spirit of the community. We organize reform campaigns and pass humanitarian legislation. Against these movements the money-makers fight in their blindness. With stereotyped unanimity they repeat that these proposed changes will hurt business, only to find—as in the cases of child labor and the twelve-hour day—that the removal of inhuman and unjust conditions makes business better. Nevertheless, profit stimulates another generation of business men to repeat the procedure of the early industrialists. A leading British manufacturer says that up to the middle of the nineteenth century any intelligent industrialist could make one hundred per cent and three hundred per cent was possible for the most efficient. But by that process sections of the British people were so damaged that all her later philan-

throphy and reform has not been able to restore their vitality. Yet advertisements from the new industrial South now ask industries to come there because wages are low and there are no unions. In India and China the worst abuses of the early factory system are repeated under the lure of profit.

Desire for profit continually entices the business man to his own hurt. The early years of this century record a heavy crop of failures in the mergers that were organized under the rosy prospect of easy money in the trust-forming heydays of the late nineties. Did not some people regret that the war stopped so soon because they were making money out of it? Among the revealing letters turned up by the Federal Trade Commission's investigation of the public utility companies was one from a publicity director to a managing director which said in part: "What can we do when the financiers will inflate, overcapitalize, sell securities based on blue sky or hot air, and rates must be kept up to pay returns on said blue sky and hot air? Mr. Brown, the bankers in the electrical industry do not appreciate what a fat thing they have had in the last seven years." In the cities new office buildings, and in the suburbs new apartment houses, are constantly going up, even when old ones are less than half occupied, the builders blindly gambling on the tendency to move to the newest. In the face of a record like this, to talk about the working of the profit motive as the operation of intelligent self-interest is to substitute fancy for fact. Business men are as much subject as other people to prejudice and passion, even to the extent of damage to their own interests. There

are few prejudices so deep-seated, few passions so intense, as those engendered in the competitive pursuit of profit.

What the spirit of money-making does to the creative desire is sufficiently written in the annals of art and literature. From cheap goods and nasty the race may recover, but how shall its mind and spirit survive the degrading influence of the stuff that is being written and drawn, sung and played for money-making purposes today. The most startling recent evidence of the corruption of mind and conscience that is spread by the desire to make all the money possible is the revelation that the public utility companies have been paying a number of professors of economics to write and speak from their point of view on the vital question of public ownership. Still more revealing is the complacency with which the universities have received the public announcement of this information. Has the economic doctrine that rationalizes and justifies greed now accomplished its perfect work? Has the spirit of money-making finally corrupted the guardians of knowledge? Having demonstrated its capacity to keep its official defenders blind to its destructive efficiency wherever it operates unmixed with other elements, has this most seductive form of self-interest now shown its ability to destroy their sense of honor, to subvert their loyalty to the truth?

Is the case any better when we turn to the more specific use of the term profit motive? How does it operate in that limited sphere in which it puts the prospect of luxury and power before the more ener-

getic and able? Here it is supposed to skillfully direct men and enterprises to the places most needed, to provide and allocate our capital, to automatically arrange the most just and useful division of the national income. Concerning the last point, the failure is now officially admitted. The recent Industrial Report of the Liberal Party of Great Britain says that the wealth of the country is ill distributed. No study of our income and property situation has ever passed a more favorable judgment on it. Our income figures satisfy neither the desire for equality and justice, nor the practical need for a widely distributed proper standard of living; and the greatest discrepancies are at the points of greatest profit-making. Therefore we attempt to correct the situation by government regulation and taxation, by profit-sharing and philanthropy, and by a secondary distribution of income in the form of free public services. Clearly we cannot trust the profit motive for the distribution of our income. The energies it stimulates have to be restrained and their consequences remedied by common action.

If capital were allocated only by the desire for more money, as the profit-motive theory assumes, where would it go? Where some of it now does go—into bootlegging and stock-promotion deals and other occupations equally beneficial to society. But fortunately the law of larger returns does not always govern investments. In obedience to that law, however, an increasing portion of our capital now flows abroad, leaving needs unmet at home and incurring liabilities of friction to come. The Liberals of Great

Britain now propose to reverse that historic tendency, and by definite plan and regulation to keep more capital at home to raise the standard of living for the common people. That is to say, when they want to assign socially created capital to a desperately needed social purpose, the profit motive has to be superseded. It is the same with men and enterprises as it is with capital. If we want houses for the poorer people, if we want our food supply made sufficient and agriculture restored, if we want to develop the larger possibilities of electric power to lighten human burdens, we turn not to the profit-making spirit but to the capacity for mutual service—we organize collective enterprise in some form or other.

The things we need most, the profit motive is now unable to supply. Its larger returns lie in the less useful or positively dangerous enterprises. In railroad management, for example, since rates and dividends were regulated, substantial profit can be secured only by the manipulation of securities or operations with the property designed for stock-market purposes. Private capital becomes socially beneficial only when its return is limited and it is harnessed to some desire for the public good, as in better housing plans that unite philanthropy and five per cent. Private business becomes a public service only when the desire to make money gives way to some definite motive of usefulness, and money is made and used only for that end. It is then that end and not the profit motive which energizes men for the common good. So a man who has put together a chain of newspapers says concerning his latest pur-

chase: "I love newspaper work, not primarily for the profits that a successful newspaper brings to its publisher, but first of all for the possibilities it affords in service to the public and in promoting the general welfare. I can say in all candor that I have acquired the Democrat and Chronicle not for mercenary or purely selfish purposes, nor to give myself power. I have bought the paper in order that the future of this great institution may be conserved and because I believe that through its ownership I may help more effectively to promote the welfare of the city." Again the profit motive has been supplanted, as it has in the case of salaried technicians when they are true to the tradition and loyal to the spirit of science, and therefore are more interested in perfecting a process than in making money. There can be no question about which priority gives the public the most useful enterprises and people. It is only a question of how fast and far we will go in putting all parts of business and the professions on the salary-service basis, where much of them now are. Then profit would be only a social increment collectively planned and controlled for collectively chosen ends. The profit motive will have disappeared and it should then be easier to prevent damage from other stimuli that encourage the will to power, because they will be more clearly seen. The much proclaimed danger of stagnation—that does follow security of tenure in a mere bureaucracy—does not develop when science and religion do their duty by imbuing youth with a passion for the improvement of life.

It is plain, moreover, that the further money-

making is removed from constructive enterprise the more tenuous and doubtful is its connection with economic efficiency or social well-being. At present most of the enormous capital made in post-war finance, that has not gone into foreign investment, is being put into mergers, of which the United States Steel Corporation was the first and the pattern. The annual bankers' convention has just announced that this tendency will continue, which is inevitable. Since the opportunities for development of our natural resources are nearly all taken, and the need for new enterprises grow less, the main field for big money-making is financial combination and manipulation, and it is now going on in every possible commodity from dry goods to newspapers, from coal to motors. Capital moves to occupy every territory where there appears to be a chance to make money, regardless of whether its presence is needed. Thus we get over-production, as in bituminous coal. Capital is led by the mirage of profit into places where it is not wanted. It is the same with labor. Since the war, more young stalwart men than old bums have been cared for by our rescue missions, because they have been lured from the country to the city by the prospect of more money and an easier time.

In the story of the mergers we have one of the clearest revelations of the nature and consequences of the profit motive, for here profit in its purest form is plainly sought. A comparison of various cases will show a relation between the resultant amount of improvement in product and the degree of the desire to make money. Where the promoters of the combina-

tion take the largest profit that can be squeezed out by every possible means, piling up successive issues of securities sometimes to the amount of four or five mortgages, neither the quality of goods or services, nor the living standards of labor can properly be kept up. Since part of the policy of unscrupulous money-making in these great combinations is the destruction of trade unionism, what little check the labor unions have been able, after long and painful effort, to put around the tendency of the profit motive to damage the vital resources of the community is removed. Where the lust for money and power is unrestrained, the technicians are under orders to curtail improvements, not make them. This throttling of technical skill, this curbing of the creative spirit, is one of the greatest of the evils that the profit motive is producing among us. That financial failure sometimes follows does not save the case for the efficiency of the profit motive. As a matter of fact, what follows the signs of financial weakness nowadays is usually bigger and better mergers. Under this process, all possible technical improvements and reductions of production cost are mortgaged to the legally recognized claimants for dividend. In so far, then, as the profit motive in this form prevails, we can look forward to no improvement in our standards of living commensurate with future increase in technical efficiency. From them only those who are stockholders can gain much from now on. It is this kind of enterprise which leads Ford to say that the profit motive, although it is supposed to be hard-headed and practical, is not practical at all, because it has as its object the increase

of price to the consumer and the decreasing of wages. Therefore it constantly narrows the market for the goods it produces, and unless it were modified by other incentives would soon strangle itself.

What room there is for technical improvement in the economic process, under its domination by organized finance for the purpose of making promoters' and stock-speculators' profits and producing dividends for the investor, may be seen from the developments in electric power. The evidence of how its capture by the money-makers checks the capacity of electricity to lighten the burden of man has recently been gathered up by Laidler and Rauschenbusch. Among other things they sift the evidence in the controversy over the public hydro-electric development in Ontario. One result is to establish that there, where the profit motive does not function, the use of electric power by the domestic and agricultural worker is multiplied five to ten times over that prevailing in those parts of the United States where it is subject to the charges of private profit. Add to the situation in electric power the case of coal, put behind these the story of our railroads, and for the last chapter take the latest incidents in the financing of the automobile industry, and it seems clear enough that the trend in our industrial society toward pure money-making and the economic conquest of power by the money-makers, is a trend away from technical efficiency. This is the perfect work of the profit motive. The more a man thinks about the money to be made from his calling, the less he thinks about excellence; among other

reasons, because a point is soon reached in a "money-first" system where excellence takes the time that is money. The more a man is interested in his job, and the less in what it will pay him, the better the job he does—scientist or day laborer. When the job is merely making money out of rearranging existing units of production or distribution, we get a dangerous efficiency—that means in the end economic inefficiency. When it reaches the stage of absentee ownership and loads production with charges for nonparticipating investors which are too heavy to be borne, the making of pure profit turns out to be almost pure sabotage. That the profit motive can in its final form even destroy the capacity of its beneficiaries to collect, just as in early days it damaged labor and wasted natural resources to the detriment of further profits, is proved by the recent utter collapse of farm mortgages in some parts of certain Western states. The same thing is true about city mortgages since 1920, as all over the country they have been used as the base on which to pile successive issues of worthless securities. These situations show us the climax of the boasted intelligence of self-interest—it is able to commit suicide without intending it.

Why is it, then, that the illusion of the efficiency of the profit motive has prevailed, in face of the mounting evidence that instead of generating energy and health throughout industrial society it brings sickness and decay? When the doctrine of the efficiency of money-making was first promulgated, it was certainly obvious enough that this activity intensified

the lust for dominion over others; and there was history enough to declare that covetousness and the will to power are the destroyers of civilization. Men knew long ago what Bertrand Russell has reminded this generation, that the creative desire unites men while the possessive instinct divides them, that the more acquisitive a society becomes the more it must disintegrate. But our fathers and grandfathers were held from seeing the working of this irrevocable law before their eyes by the teaching of the harmony of selfish money-making with the common good and with the divine plan. In England there were plenty of clergy to support the early economists by talking like Archbishop Whately, when he said, "It is curious to observe how through the wise and beneficent arrangement of providence men thus do the greatest service to the public when they are thinking of nothing but their own gain." In this country there have been too many in academic circles continuing the teaching of that professor of moral philosophy who wrote in 1856, "It is true that men are usually selfish in the pursuit of wealth—but society is a complex and delicate machine, the real author and governor of which is divine. Men are often his agents, who do his work and know it not. He turneth their selfishness to good. . . ." Steeped in this tradition our universities have given us very little investigation of the facts of profit, and still less analysis of the doctrine. They have accepted and spread it almost without question because it is the foundation of the successful life in modern society.

The money-makers, and their dependents who

formulated and proclaimed the doctrine of the profit motive were naturally not able to see its defects, nor were many of them interested in having other people discover them. On the other hand most of the unsuccessful were held back from the needed task of criticism by the hope that the possibility of profit held out to them. It was able for a long while to conceal its defects by the ease with which it presented itself in the aspect of the desire for necessary maintenance instead of the lust for pure profit and the power that goes with it. It managed to confuse people as to its operations by talking now about the various incentives that move men, and now about the general stimulus of an economic method as though they were the same thing. It could cover up its destructive consequences because it seldom operated alone and was able to claim for itself the benefits to society that were really produced by other stimuli. Even critics as keen as the Webbs credited much to its earlier working that was really due to other forces in England, holding over from the medieval world. It could and did again claim for itself all the efficiency developed under its dominance by the technicians, when the credit for that belonged really to the spirit of science and not to the spirit of money-making. It could mislead men concerning its final results because, being itself a short-sighted view of human efforts and wants—small profits and quick returns—it developed myopia among its advocates and exemplars. Hence their incomplete observation, their too hasty conclusions.

This infirmity will be increased rather than

diminished in the old age of the profit-seeking economy, because of the motion and speed it has brought and given to our way of living. Proof of this is its treatment of the basic problem of the nature and destiny of man. At first the traditional economists said that man in his original nature was a pleasure-loving animal to be moved mostly by money, to be efficiently directed to economic ends only by the profit motive. Now they say, "regardless of what human nature was, that is the way it acts today; and on that basis we must deal with it." That is to say a theory and organization of human life is to be based on one characteristic of human behavior expressed during an infinitesimal fragment of the incalculable period that human life has been upon this planet. Our present economic behavior merely indicates the way people act after being subjected for a couple of hundred years or so to the profit stimulus with all its propaganda. That looks like what the modern psychologist knows as reaction of a conditioned reflex. And of course the conditioning can be changed. As a matter of fact, it is now being changed in many of the activities of the labor and coöperative movements and the public services of the government. After a generation we shall know how successfully economic activities can be carried on by the stimuli of craftsmanship and loyalty, to what extent we can eliminate the hazards of ignorance, get rid of the gamblers—particularly those who gamble with the lives of others—and develop an economic society in which needs are measured and efforts adjusted to chosen values and ends.

The ethic of Jesus moves men in this direction. It asks them to build a social order on the foundation of intelligence and goodwill, insisting upon their essential interdependence. It takes the long view, and puts the ultimate values above the immediate. Against the morality of profit—which requires the strong to rule—it opposes the duty of the strong to serve. The opposite of love, a recent writer observes, is power. And power is destructive, while love is creative. Hence the ethic of Jesus, in which love is central and brotherhood ultimate—the condition of man's harmony with the eternal spirit—is a better guide to a more satisfying and enduring society than is the gospel of profit with its fatal reliance upon the efficiency of the powerful who are seeking first their own interest. One goes from strength to strength, the other from strength to weakness. So far, profit-seeking industrialism has shown no more ability than political absolutism or landlordism to transfer either the power to get, or the ability to serve, in sufficient amount from one generation to the next, to make it a continuously practicable method. Whatever immediate gains the profit motive and method brought to the common people are on the way to being wiped out through the effects of inherited property. None of the duly qualified defenders of the incentive of profit has yet reckoned with the fact that when profit is passed on to the next generation—as it is in ever-increasing amounts—the necessity for the exercise of the economic energies it is supposed to evoke is removed from its possessors. An English publicist, analyzing the desperate situation in the British coal

industry, places a large part of it upon the complete industrial inefficiency of the owners of inherited coal properties. When this condition is reached, the law and the constitution, and not demonstrated benefits to society, are relied upon for the protection of inherited profit. So that, after the claim of economic efficiency in behalf of the profit motive has been ruled out of court, we find ourselves facing property and its rights.

CHAPTER VI

The Chief End of Man

The shorter catechism used to teach children that the chief end of man is "to glorify God and to enjoy Him forever." But the heirs of the makers of the acquisitive society are instructed from infancy that the most important business of life is to get property and pass it on to one's descendants, to have and to hold forever. That state of mind has been laid bare to future generations by Galsworthy in the *Forsyte Saga*. For such persons the guiding star to conduct is the fixed idea that man's life consists in the abundance of the things he possesses. When they pass on, the chief question at the funeral is, "How much was he worth?" A recent newspaper editorial on the death of a man who from humble beginnings had achieved a highly successful business career reflected accurately the scale of values for industrial society. This is yet the land of opportunity, it declared; there is still a career open for talent; it can acquire influence, fame, and wealth. If it is the pursuit of profit that calls forth most of the energies of modern man, most of that profit is immediately transformed into property, for which purpose it is sought. What, then, is property that it

should compete with the experience of God as the chief end of man?

"Property," said Proudhon, "is theft." And he was speaking for the propertyless, some of them actually dispossessed, others disinherited, and all of them with nothing to contribute to the state but their children —that is, literally proletarians. Property is a natural right, said the philosophers—and they were speaking for the property-holders. Property, said the churchmen, is something that God permits men to use for a certain time for certain purposes. And for whom were they speaking? Later when theologians yielded to economic circumstance and accepted the natural-right doctrine of the philosophers, as a sign of their amity they both for a while agreed that private property was nevertheless a fall from an earlier period of grace, when there was no such thing. Later still, as private property has become greater and its right ever more absolute, there have been plenty of pulpiteers to echo the statement of the more pious property-owners that their possessions are the sign of God's favor, and few to rebuke the more presumptuous when they asserted that the final proof of a supreme intelligence was that the resources of the earth and the lives of many of their fellow creatures should be intrusted to them for management.

All these statements are manifest attempts to get at the moral nature of the institution called property, to put some justification behind it. The modern world has not bothered much with any of them. It has been too busy making new forms of property to inquire into their essence. The most extensive work by an

American economist on this subject—and he is still living—repeats and accepts for granted the legal definition of property which purports to be simply a description of fact: "Property is the exclusive control by some person or persons of some person or thing." Yet recent changes in the fact of property have shifted the base of the discussion concerning its nature, its moral justification, and its social validity.

The chief of these changes is the increase in the amount and kinds of what is called intangible property. The modern distinction between tangible and intangible carries an additional element to that made by older days between corporeal and incorporeal property, which registered the invention of money and the rise of banking that made it possible for a man to acquire ownership in something other than land, cattle, or saleable goods. Intangible property is a prospective right; it is a claim to a share in future earnings which may or may not be realized—like a copyright or patent. This form of property, usually in the shape of securities that capitalize socalled "goodwill," registers the climax of the corporation and the preëminence of the speculative factor in business enterprise. The editor of the "Wall Street Journal" recently said: "The greatest increase in American wealth has come from the conversion of manufacturing, merchandizing and trade goodwill into tangible securities—bonds and shares—with expanded ownership and expanded possibilities in earnings and dividends. It may soon be true that one-half our national wealth of $400,000,000,000 is to be found in the corporate form of bonds and shares, and

the major part of this $200,000,000,000 of wealth may be found to rest on goodwill value. Securities are being listed upon the stock exchanges of the country as never before and to a considerable extent they are the creation of new wealth by the bringing forward of goodwill or earning values into capital wealth."

It will be noted that these "tangible securities" are tangible only in so far as the paper they are printed on, until "possibilities in earnings" are sufficiently realized to give them market value. If those earnings do not develop, how tangible then are these securities? The distinctive feature of this form of ownership is that it is merely a claim to income; it carries no title to any part of the physical property. It is merely a right to share in profits if they accrue. Here is a significant point in the development of property rights. The absentee shareholder has replaced the absentee landlord as a silent partner, with his claim on future production. Dividends have succeeded to the position of advantage formerly occupied in Europe by rent and have extended the boundaries of that domain. Property becomes more and more a claim to income and less and less the control and use of things. Personal property, in terms of which the subject is usually discussed—that is, the things people own for their own use: clothes, house, conveniences, implements of trade or profession—bulks less, while ownings in common—by members of incorporated groups—of things never seen nor touched nor used mount higher. Hence the personal-property tax makes way for the income tax. Capital, in the shape

of tools or productive plant which is owned by the user, diminishes in favor of capital plant owned by absentees who never see it. This changes both the fact and the social consequences, and therefore the moral nature, of property.

The definition which stresses exclusive control as the essential fact in property is no longer exact. It is correct enough in still mentioning control of persons as well as things by other persons, for all forms and degrees of ownership of persons were not abolished with slavery. There is still both peonage and contract tenant farming, which give some persons a property right in the future labor of others. And some courts have recently upheld certain labor contracts on the same ground. Moreover various industrial securities involve a claim on a part of the future labor power of others. This is now a recognized ownership right, which the courts with their injunctions are rapidly translating into very effective forms of control, without any share of the slave-owner's responsibility for the well-being of his workers. But in all this there is no exclusive control at all. Indeed, in much of it there is no effective control. Professor Ripley of Harvard has written a book to show how the control of the industrial stockholder over the property or policy is diminishing. And the dilemma faced by the defenders of capitalistic industrialism is that the more ownership is distributed, the less it is democratized. The more it is spread out, the easier it is for those at the center to keep in ignorance and so control the scattered owners. Also the greater the extent to which property becomes merely a claim to income,

the more grows the tendency of the owners to care for little but the spending of the income. What they want is purchasing power. All property is that to some degree as long as it can be sold. But dividend-producing securities provide actual cash income.

To this new form of property the law naturally gives all the rights enjoyed by earlier forms, for all kinds of property are alike in this—they are essentially a set of legal rights guaranteed by the state with all its forces behind them. Therefore some writers, notably Oppenheim, have made a good case for the contention that property is the creation of the state, and that the state is therefore in essence an instrument to express the will and power of the property class. Tawney has shown how the social order of capitalistic industrialism has been built on the basis of rights, replacing that feudalistic society which was founded on obligations or status. In this country, where there was no check from inherited traditions of an opposite sort, the doctrine and practice of individual property rights naturally went to an excess before unheard of, in striking contrast to the attitude across the border in Canada, where the disintegrating power of a frontier environment has been restrained by a more homogeneous tradition of community living. Inevitably, therefore, our courts, with judges trained in the extreme theory of individual rights—most of them having practiced it in behalf of big property-owners long before going on the bench—for the most part incline toward giving to the legal claim on prospective gains all the powers and privileges of possession already enjoyed by corporeal, tangible property.

Recently a federal court was so tender of the right to future speculative profits of the owners of subway securities in New York that it threw out the claim of the city to the contractual rights belonging to the millions it has invested in the enterprise. The Supreme Court has in several cases prevented states from experimenting for social improvement on the ground that it would take away the property of individuals without due process of law, something forbidden by the Fourteenth Amendment to the Constitution, which was enacted for the protection of emancipated slaves. Recently by a five to four decision the court said, for this reason, that New Jersey could not regulate private employment agencies.

At certain points the right to control and dispose of property at will is being limited by law, but it can still be carried to absurd lengths without interference. Under the recent extension of the police power of the state, the community can see to it that a man does not make of his property a menace to health or morals—that is, he may not run a saloon or house of prostitution or maintain conditions that breed certain other disease germs. But he may still build a spite fence to shut the light out of his neighbor's windows. He must if required show title for his land or automobile, but if he can hold on long enough to stolen property, and it is big enough to pay the lawyers, is not possession nine points of the law? A man has recently contested his income tax on the ground that his money was made in bootlegging and being illegally acquired is therefore not subject to taxation.

The inheritance tax, much weakened under recent

assaults, still survives to limit the disposal of property at death. Under the right of eminent domain the government may, at a valuation, acquire a man's property, for streets, parks, or playgrounds, and other public purposes, or even for use by a public utility corporation operated for private profit. Notwithstanding the fact that the value of the property to be transferred has been made more by the community than by the owner, the community cannot yet exercise eminent domain to provide better homes for those of its children who are now denied sufficient light and air. No matter how many people are starving, if he owns it, a man may throw a carload of food into the river or burn up a million dollars, thereby demonstrating the sacredness of private property. The right of a man to do what he will with his own still extends to wasting or destroying it. The fact that this is usually done only indirectly in the way of trade has prevented our society from facing the question of whether it is desirable to let some people have what they do not need and cannot use, when others are undeveloped for the lack of it.

Underneath these legal rights is a moral right—the right to make as much as a man can within the limits of the law. To this right of acquisition some other limitations have recently been attached. During the war there was a feeling that it was anti-social to make unlimited profit, but that feeling has not survived the emergency as an actual check to money-making. Some men have recently given practical evidence of their judgment that it is a disgrace to die rich by giving away their fortunes, sometimes for edu-

cation and philanthropy, sometimes to their business associates, in one case to the workers who had helped to make it. But we are still at the opposite pole from Russia, which teaches its children that it is a disgrace to live rich. It is our official theory that the more a man makes the better off we all are. Behind our unwilllingness to interfere with anti-social gains is the old myth of the harmony between personal money-making and the public good. This also accounts for our toleration of men whose money has been indecently and inhumanly made. There is a deep silence in the presence of financial inequity because of the almost universal belief that for the public welfare the doors of opportunity to money-making must be kept open as wide as possible. Or is it the widespread hope of being able to do likewise that makes us so slow to condemn ill-gotten gains?

How much of a right it is to acquire property almost indefinitely depends of course upon the social consequences of that proceeding. This phase of the subject is usually discussed as the conflict between property rights and human values. As a matter of fact the issue of social policy does not yet lie there. The question of whether organized society will or should sacrifice certain other values for the sake of those which inhere in property emerges only after the question of the proper distribution of property has been settled. For most of our people the property question is still the problem of getting enough to develop real human values. In the past nations have chosen to sacrifice a large part of themselves to a conception of God and also to a conception of the

state. They may do so in the future to a conception of the institution of property. But most of our people whose lives are being limited by property rights are not in that situation from any conscious choice between two sets of values. If they endure the present institution of property at the expense of other possibilities, it is because they hope some day to get sufficient property to enjoy the humanly valuable rights and privileges that now accrue to some others under that institution; also because they have been told that by way of profit and property all other things may be secured.

The issue is not between impersonal rights and personal values. Property rights inhere not in the thing owned but in the owner; it is his right to control or dispose of it that is guaranteed by the state. The thing owned has neither right nor power to prevent its destruction, but the owner has—or to collect damages therefor. This is just as true when the ownership is a claim against a part of the labor power of others, which the courts have construed as a property right. So the real conflict is between the rights of some and the needs of others, and the issue is clouded by stating it merely in terms of property against humanity. For those who believe in natural rights it may be stated as the right to development against the right to property. In a situation where the population crowds upon the opportunity for development, this is the familiar historic issue between the needs of the many and the rights of the few.

When the property questions take on this complexion, the social usefulness of rights now guaranteed

by law must stand scrutiny. Question of legal title and abstract morality give way to the issue of social consequences, out of which the law and philosophy of property arise and by which ultimately they will be remade. At a glance it is clear that the right to control tools and factories, mines and land, by people who operate them for socially useful purposes has more value for the community than ownership which involves no participation in the enterprise, but only a claim upon the results of those who do labor. There is a vast difference between property as an aid to production and property as a mere charge upon production. The latter is but debt for the community to pay, as Soddy has pointed out, following some earlier analysts. Capital plant is one thing—it cannot be destroyed without loss to all. Capital charges are another thing—if they are wiped out, what is gone? Has production been made easier or harder? The answer depends upon how much this debt is in reality a grant of credit to all consumers and how much it is a charge upon the many for the maintenance of a few. It depends, that is, upon how widely this kind of property right is distributed.

To understand the nature, consequences, and probable future of the property rights that have grown up under capitalistic industrialism it is necessary to glance at the story of property and land as it developed in Europe, for at vital points the record is being repeated. Before agriculture began there were no property rights in land, except in so far as the hunting and fishing tribes respected each other's territory. The only private or personal property was

in things individuals had picked up or fashioned for personal adornment, or in the tools they had made—and the latter were often owned in common or freely shared. A certain tribe of Eskimos considers it immoral for a man who has two kayaks to charge another for the use of one of them to get his food. We should consider him a fool not to do so. Being civilized means at least knowing enough to charge interest if the occasion offers. When persons began to cultivate the land, the continuous use of it by the cultivator was established in recognition of the obvious right to enjoy the fruit of one's labors. Since there was plenty more land, it was the natural course to take. The principle was that the land was for use and belonged to him who was willing to work it. The Russian peasants are yet simple enough to believe in and enforce that principle. We have managed to almost ruin American agriculture by treating the land as a means to money-making, deluding ourselves that this was the way to get food, thinking that the longest way round was the shortest way home.

The nature of property in land changes with the rise to power of the fighting man. At first, while he was off fighting for the tribe, he was given a share of the common crop or his land was cultivated for him. Then he got conquered land and made his captives work for him. Slavery and landlordism thus began through foreign wars, and before long the fighters became strong enough to enforce them at home. Then the positions of the fighter and the farmer were reversed. The fighting man had been working

for the producers, now the producers worked for him. Later, when he got most of the land, he made them provide him military service in his predatory wars in return for a chance to work some of it. This was one of the first forms of rent. These fighting land-grabbers became in due time the first families of Europe. Its aristocracy is based upon ownership of the land, taken by force, and used to sustain a class which did for a time intelligently cultivate the soil and then in the main performed no economic labor. So later the goal of the ambitious among the merchants and rising industrialists was to become a landed family and join the leisure class. It is a three-chapter story—first fighting, then direction of productive enterprise, then idleness and luxury supported by the labor of others.

In commerce and industry, the trader or middleman very largely repeats the rôle of the fighter in the tale of the land. First he serves the producer as well as the consumer by being the agent of distribution. Then, through the rise of money, banking and credit, he gets control of the tools of production and becomes the organizer of enterprise. Finally the financier replaces the manufacturer as the ruling force in industry, and becomes the chief director of business. The development of the corporation, while it extends legal ownership, gives him closer control. The opening up of world markets increases the concentration of power. The metaphors which talk about oil and steel and coal barons, cotton and wheat kings, are really repeating history. These men of the fighting type in the world of trade, industry, and

finance have turned industrial property—which to begin with was some reward for service and some occasion for it—into the instrument of power. Their successors and heirs fall increasingly into the leisure class, who live off industrial dividends produced by others exactly as the landlord class of Europe lived off the rents paid by the peasants who tilled the farms. We have begun the last curve of the cycle of capitalistic industrialism, which runs like that of landlordism from service through disuse to disservice, from work to idleness and then waste. Property in industry, which began—like property in land—as a function, now becomes a mere legal right with less and less social value. The question, then, is whether we continue to repeat the story to the end. By one way or another the land in Europe is getting back to those who can work it.

Before looking at the existing evidence concerning the trend of industrial property in this country, it is well in passing to give a glance at some explanations of property rights which are being currently offered by way of justification for their present forms. One of the ablest defenders of the present way of doing things recently repeated in public the stock claim that it is a moral system because it guarantees to everyone the result of his effort. Thus, by the assumption of the perfect and automatic working of the competitive price and profit method, existing property conditions receive their ethical justification, and the effort to change them is put in the list of the immoralities, regardless of the facts. The story of the comparative earnings of inventors and promoters, the difference

between the salary scale in the selling and producing end of a big industrial organization, the comparison of the people at Palm Beach with the unemployed last winter—one set having done nothing but take money out and the other nothing but put labor into the same industries, the contrast between the millions made by stock manipulation and the prematurely worn-out lives of those who have worked all their days and now own nothing, the unearned increment in securities that now matches the unearned increment in land values which some communities do not allow the individual to take, the profits of holding companies whose efforts are confined largely to cutting the coupons and receiving the checks of subsidiaries—all these offer some evidence of how well we manage to guarantee to people the results of their labors.

Actually of course the property that represents effort is all mixed up with ownership derived from pure findings—like the radium mine that the finders have sealed up in Africa, bringing out a little a year so to keep the market from breaking at no matter what cost of unrelieved suffering. The current news contains an item about a piece of property, mostly city slums, which brings to the religious body that owns it about ten million dollars a year. When it came to the church in 1720, it was a farm worth twenty-thousand dollars. Incidentally a dispute over the title has caused two murders, several forgeries and robberies, and many lawsuits. Also present property contains not a little takings, like those of the Ohio gang and their financial backers. It was

one of that tribe who used to say that he was entitled to anything that was lying around loose. Later on his friends complained that it was hard to keep anything that was not nailed down. At present nobody knows how much of our present property is earnings, how much findings, and how much pure takings. It is this unanalyzed compound—defended by law and justified by economics—that some people have tried to sanctify under the claim that it comes from God, which gives more point than is necessary to the gibe that man made God in his own image. It remains to be seen, however, what the people who are now content to ascribe their own lack of intelligence and social morality to the deity will do in the day when those property rights which represent takings or findings are brought to the bar for judgment. Will they then be able to say, "The Lord hath given and the Lord hath taken away. Blessed be the name of the Lord."

Now that an ethical religion is attempting an analysis of the nature and consequences of our property system, a new defender of the rights of property appears. As one proof of its right to replace religion, science produces those who tell us that property is an instinct, the implication being that it is therefore foolish and unscientific—that deadly sin—to attempt to change present property forms. Certainly the propagandists for the acquisitive society are not slow to take advantage of this supposedly scientific backing, the foundation for which appears to be the tendency of the infant to grasp and to hold. This phenomenon has also been cited as evidence of an

ancestry that lived in trees. The two explanations are not mutually exclusive. It certainly requires some agility to connect the reactions of a baby's hand with the attempts of persons of predatory tendencies to get hold of all the oil or water power or rubber or banks they can legally hold. Such a thesis seems to call for a sort of elephantiasis of the instincts.

What we need concerning property is not theories of origins, defenses, or justifications, but analysis of consequences. It is after all but an instrument of human living. A satisfactory principle of property cannot be developed except on the basis of observation of its present results, in the light of historic knowledge. A satisfactory administration of property can be built up only by the development of a common will to use it for the purpose of securing certain ends for the whole community; and these ends will have to be mutually agreed upon.

The best known and most used modern attempt to formulate a principle which will express the values that should inhere in property and be developed by it, is the statement that property is the expression of personality. This was the work of Hegel, who built upon the foundation laid by Locke, who in turn was indebted to the earlier natural rights philosophers, and they argue back to the fact that the first private property of any social consequence was due to the recognition of the community that a man was entitled to enjoy the results of his own efforts. Locke brought the reasoning still nearer the historic fact when he added the element of social utility. By this road came the popular belief that our property system

develops production through stimulating private initiative because it guarantees a man the results of his labor.

To justify itself, however, this stand on social utility requires measurement of the kinds of property now existent. How does it apply to inherited property; or to property acquired by anti-social practices like adulteration of goods, or by unnecessary activities such as competitive advertising of identical commodities? Obviously if the largest amounts of property can be most quickly acquired by activities which are not socially needed, that is the kind of initiative which will be stimulated. A glance at the vocations entered by college men in the last decade is revealing at this point. It will show a tendency toward finance rather than the professions, to salesmanship more than to constructive pursuits in industry or agriculture—even among those institutions which have been endowed with public funds for the purpose of improving the technique of basic production. The trend is toward distributive rather than productive callings; the pull is for speculative rather than productive profit.

Equally of course the social utility argument must in the end measure the social consequences involved in the possession and use of property acquired through activities which are admittedly beneficial to society; and this must include the results of the possession in continuing the desired activities. The case of Henry Ford is an outstanding and exceptional incident of vast property acquired by anticipating and meeting a social need. It is frequently used to provide justi-

fication for possessions acquired by utterly different activities. It yet remains to be seen that the power permitted Ford in the control of his large properties has given society any net benefit or that it will not have to be superseded by another form which will conserve the productive benefits without the resultant losses. If the transmitted fortune of Ford keeps alive the same degree of productive effort in future generations of his family, with a similar amount of residue for society, it will be one of the exceptions of financial history.

It will be granted that the main value of the personality theory of property depends upon some connection between property and effort. It is usually expounded, however, in connection with expenditures; the spirit of a man is said to be revealed by—and even to extend itself to—his house, garden, books, and clothes. Yet obviously possession apart from creation is an expression of only certain aspects of personality. The things a man makes or helps to make express more of him than the things he buys or inherits. What a man does with his money reveals mainly his taste or lack of it; but something more comes out. The connoisseur—in books, pictures, furniture, flowers, wines—may be the perfect gentleman for a decadent society, but his manner of living may reveal him as the perfect swine. If the development of personality is secured by making choices, it is only the lesser aspect of it that is revealed by judgments in relatively unimportant matters. What one will have for oneself within the limit of one's means reveals only one's esthetic quality; until it is con-

sidered in relation to the needs of others—then it becomes a wider revelation. Something more than taste and knowledge is revealed in a man's response to the war-time challenge of the British Labor Party that none is entitled to cake until all have bread. The master tailors inform us that the amount required this year to clothe a well-dressed man is between two thousand and twenty-five hundred dollars. That happens to be the amount needed to provide a comfort and health standard of living for the average American family of five, including three dependent children. What price tailors' models? Just what personality is revealed by the personal property with which the people who annually consume from ten to five hundred average family incomes manage to surround themselves? A million-dollar playhouse for your family, with millions of children nearby without any sufficient chance to play, reveals what?

In the matter of tastes a reasonably ordered society will always allow some room for expression, but this too must be subject to the test of social utility. The question of luxury in the presence of need cannot always be left to the personal judgment. Accustomed comforts and esthetic tastes have a terribly seductive power. The Puritan had his justification, and future society will yet have to reckon with him. Restraints of some sort there must be, both personal and social. But there is also the question of power. In a society with a real economic surplus, a person with a taste for collecting walking sticks or autographs is harmless. But if the taste runs to the collection of steel mills, factories, mines, railroads—or any

other of the basic means of production and distribution—the case is different, both as to personality and consequences. Manifestly society is much less concerned with the ownership of a few books than a few banks, or a little plot of ground to grow a few roses than a vast estate that might feed hundreds. There is a distinction between property for use and property for power which has been ignored, to the confusion of the issue.

Also under the price and profit economy the personal values in property tend to be subordinated to its exchange value. The economic question about a man's home is not how much is it worth to him but how much will it fetch in the market. Property in the economic sense is potential purchasing power. The essential economic fact about it is that it can be turned into a claim on income by being loaned, rented, or sold. Increasingly this potentiality colors personal choices and tastes. The flower is beautiful and fragrant, but it is common and cheap! The tree is lovely, but how much did it cost? A man collects stamps for the love of it, but cannot remain insensible to the fact that his collection becomes worth thousands of dollars. Thus does the impersonal aspect of property tend to diminish its value as an expression of personal tastes and judgments. These two become capitalized as the voice of the expert sends values up.

What, then, is the acquisitive society doing to the vital point in the doctrine of property as the expression of personality, which is the fact with which the life of property began—that it is the embodiment

of effort? When a man makes things for the use of others, the expression of his personality is determined by the manner and extent of their use. What personality has the miser? Or the man with talent who will make things only for himself? But when a man creates for others, the possessive desire in them has cumulative power to limit the creative activity. The spirit of Stradivarius passes into others only when his violin is played, not when it is locked up in a glass case in a museum. It passes further when it is used in Carnegie Hall than it does when played at a private party, and further still in a great municipal auditorium whose prices are within the reach of all citizens. How much does the personality of the painter get expressed if some of the newly rich who know not a picture from a pig hang his work upon their wall because that is a sign of wealth? When does the spirit of the landscape gardener get liberated most—when he designs a private estate or a public park? That is why Tolstoi did not want his writings copyrighted. It is the same with a factory or a business. Whether a man produces economic goods, professional services, scientific discoveries, moral or esthetic values, his personality grows in creative power only as others use, appreciate, or extend that which he has created. The medical man lives longer and further who gives his discovery to mankind than the inventor who patents it for income. Man the possessor limits the expression of man the creator.

The same truth applies to the creative spirit of the universe. Those who say that God made, and those who declare that God is continually making, this

world must remember that He is expressed in it, now that men have begun to use it for their need, by the way it is used. When natural resources—which by the interpretation of religion embody the immanent God—are turned into property, what happens to that God? What is the ethical nature of the supreme being who is expressed in the struggle of greed for power to break and enslave the lives of others? All religious thinking has looked at the earth in some sense as the expression of God, a manifestation of the supreme energy. If this is His body as well as the human race, and if both man and the earth are broken to pieces in the struggle for possession of it, what meaning has the sacramental phrase "broken for us"? Broken for our destruction and His? An ethical religion certainly cannot avoid the fact.

Any limitation of the use of the earth to those who are successful in the struggle to possess it is a limitation of the eternal creative spirit. If by a defective financial policy, the conveniences of electric power are kept away from the people who do most of the hard work, He whom religion calls the creator of all power is thereby deprived of expression. For the creative energy of the universe to be vital for human lives it must become an ethical God and be expressed in a growing fraternity of justice. Not only the moral value of property, then, but also the development of the spirit of man depends upon the manner of its use, and the usefulness of its making.

One attempt to reconcile the ethical demands and ideals of religion with the facts of our present property system stresses the idea that property is necessary

to the development of personality. Like the Hegelian thesis, this point of view looks more at consumable goods than at the instruments of production. None of our philosophic or ethical discussions of property has come to grips with the facts of mass production. The capacity of ownership to develop responsibility and judgment is entirely gone in corporate property in which the stockholders have no voice. The effect on personality is quite different from that of the ownership of a home. The man who needs to own—in the sense of controlling—a few trusts in order to express his personality is like the man who needed for a like reason to own a few kingdoms. And history gives us certainty concerning his destiny. No reasoning by philosopher or absolution by priest will avail to alter that.

In the matter of consumable goods, the more we seek to develop the intellectual and esthetic aspects of personality the more expensive the undertaking becomes, the more demand it makes upon the economic process for the necessary means of maintenance. The democratic community that is trying to extend the level of intelligence, declaring its intention of developing the personality of all, is faced with the necessity of a continuously higher economic cost. Also the program requires, as Daniel Webster argued, the utmost possible approximation to equality of property. The alternative is the abandonment of the democratic hope. This is the present tendency, and it naturally follows fast after the limitation of cultural attainment to a section of society.

If a class-divided society is rejected, the problem

of democracy then is to develop and maintain leadership in a technical age. Leaders require extra cost for development. It has never yet been demonstrated that they require, or are benefited by, extra cost for maintenance, above a healthful standard of living. Necessary operating expenses are another matter. At present huge incomes, high salaries, and luxurious living for the leaders of economic activities are required by the competitive standards of money-making business. Inevitably the same conditions follow in the professions, in government service, and in organized labor. Then these habits become destructive of the very thing they were supposed to maintain and produce. The evidence shows that talent appears most frequently below the levels of luxurious living. There is a point at which the standard of living lowers the birth rate. There seems also to be a point at which it lowers the production of native ability. Therefore our money economy is again destructive even of its own efficiency. By rewarding socially useful effort mainly with income and property we get anti-social consequences.

When there are standards of approval other than money, and more real signs of success than ostentatious living, the cost of developing exceptional talents will not be so high. The democratic community which has decided from an experience of consequences what kinds of leadership it wants to develop will have intelligence enough to pay the necessary bills, and will be able to keep its leaders from degenerating through luxurious living, or from acquiring undue power. For this purpose the principle of

noblesse oblige is to be relied on. Meantime it is for the individual conscience and intelligence to estimate how much maintenance its personality requires for fullest development and social usefulness, then to draw that line between luxury and necessary equipment for service which no authoritative standards of living have yet run.

Also, in regard to those things that are essential to the development of individuals, it is time to ask whether it is necessary to own them or merely to use them. There is a big difference in social consequences between ownership for sale with title to unearned increment, and ownership for use. Would the children of tomorrow in this country have any better chance for health and education if all our natural resources, instead of being given away in fee simple, had from the beginning been leased on reasonable terms, as were those of Alaska? Just what difference would it have meant to the people who used them supposedly for the benefit of the rest of us, and demonstrably so to some degree? Did it make any difference to the men in the army that the title to the uniform they wore remained with Uncle Sam, that it was not theirs to sell or rent? He and they got the necessary use out of it. What loss would there be for dwellings or agriculture if the same principle obtained for land; that is, if the persons who wanted to use land for dwellings, or farms or useful business —and whose efficiency was demonstrable—had the right to use it, and their family after them, but no right to dispose of it for gain? As a matter of fact the root of that principle is theoretically the base of

the land law of England and the Latin countries. The title resides finally in the government, which never gives absolute ownership to individuals, as we have done. This fact is one source of our difficulties with Mexico. This point is also at issue in the handling of our water power. The core of it is whether future increment in value goes to the general public to make possible the widest use of power, or remains in the hands of a few property-holders.

In the means of development for personality, we have gone much farther with property for use than in natural resources or productive plant. We extend the mutual use of the means of culture more than their exclusive control. State institutions of learning grow faster now than those privately owned and more limited in their use. We pass books and even pictures around from house to house, as well as use them in common in libraries and museums. Professional men own the most expensive tools of their trade more and more in common. We seem convinced that property which contributes directly to personal development or professional skill functions best when its use is inclusive, not exclusive. Also it appears that the more we help others to get what they need for their development, the less we need to personally own things ourselves. The more public libraries there are, the less need for expensive personal collections of books, and the more books are passed around the more educated personalities there are. It is the same with the means of art or of health. Social psychology shows us that personality develops by mutual experience through the development of language; shows us

also that it is advanced further by more sharing in the family circle, including economic goods necessary to maintenance. What the fullest and widest development of personality in an industrial society will require in the matter of the means of production and distribution remains to be seen. At present private property in the means of production and distribution has based and entrenched itself on the ground of social utility. Ely claims a social theory of property which would change our present system at some points but still leave intact its base. But now that the test of the benefits to society is accepted, it will inevitably determine in the end what kinds of property shall or shall not be privately owned.

This recognition of the instrumental nature of property leads directly to the attempt of Hobhouse to draw a line between property for use and property for power. Just as the doctrines of property as a natural right and as the expression and for the development of personality were the rationalization of the experience and position of the property-owners—the recording of the individualist period of industrialism with its great money-making—so this line between use and power expresses the later collective aspects of industrialism with its mass poverty. This distinction also gives academic standing to the efforts of the Socialists, who have long contended that property for use should be privately owned and property for power should be publicly owned. A Chinese has given an interesting expression of this point of view when he says private property for consumption, public property for production. The discrimination be-

tween use and power in property also crystallizes the democratic spirit and applies its principle to the economic life. It asks for the same distribution of control in the economic world that has occurred in the political realm. It is also naturally related to Tawney's emphasis upon the functional aspect of property. The cult of rights develops into the concentration of power. The emphasis upon use and usefulness leads in the other direction.

It is easy enough for those who prefer to remain comfortable to take the edge off this distinction by pointing out that all property for use is also property for power under certain conditions. For instance, the possession of necessary food gives one power in famine time; or again, consumable goods necessary to the development of the intellectual can be sold and so give him claim on the labor of others. Also the point of property for power can be blunted by pointing out that in a certain sense it becomes property for use when applied to equipment for essential social services. These considerations indicate the practical and moral confusion into which our present partially corporate ownership of industry has thrown us, which can be eliminated only by abandoning the power ownership of industry and getting clear over on to the base of use. For at least it is clear that control of the economic surplus gives more and different power than the control of consumable goods for one's own use, that there is an essential variation in the power accruing from the ownership of a bituminous coal mine or a strategic railroad and that involved in the ownership of a home, between that derived

from owning the tools of a trade and from possessing a monopoly. One gives power to live and to command in exchange, the other power to dictate price and destiny.

It is evident also that ownership of legal claims upon the production of the future gives a different power than ownership of the ability to earn a living, which the courts have also construed as a property right. It is moreover manifest that private property which affords no more than a cultural standard of living for oneself and family—with reasonable insurance against the hazards of disability, dependence, and old age—gives less power over others than private property above this amount. It is further demonstrable that ownership of property directly traceable to one's own productive effort and not to the extent of luxury does not contain the dangerous power inherent in property which came effortless to the possessor, and in amount sufficient to enable luxurious, and therefore degenerate, living. The power to dictate economic conditions and thereby the destiny of others, to live in idleness, to devitalize the community by philanthropy—these are the powers that menace the democratic society and its traditions. And these powers do not inhere to any dangerous extent in property for use.

Therefore the distinction between property for power and property for use does give us a workable basis for the removal of the intolerable inequalities of our present property system. Society can begin with the most obvious forms of concentration of economic control. As a matter of fact, that is exactly

what it has been doing. This philosophic principle records a movement now in operation, instead of waiting to name and explain the accomplished achievement—which is the usual habit of philosophy. Indeed, since traditional economic science has ceased to be descriptive and declined to be creative, there is a necessity for moral philosophy to assume both rôles in relation to economic affairs. Our dealings with monopoly and with public ownership spring from the same necessity and desire and move in the same direction as the attempt in Russia to decree that a peasant might work his land with the help of his own family but not with the hired labor of others. They are attempts to separate property for use from property for power. As it acquires its full social connotation—that is, as the needs of society and the individual are both considered and balanced—the principle of use and usefulness is on the way to become the regulator of economic activities in the place of competition. In various public services and coöperative fellowships, the ordering of individual lives by this principle of social usefulness has already shown ability to check the amount and kind of property the individual should have—both for consumption and production—with less waste and friction than the competitive struggle. This approach to the problem of income prevents luxury while need exists, and would not now interfere—any more than it has in Russia—with private ownership of those kinds of business in which that procedure was demonstrating the most efficiency.

A regulative principle of property will have to

reckon with need as well as effort, whereas our existing theories have been almost exclusively directed to the latter consideration. They have all been too much under the influence of the assumption that the distribution of property would automatically take care of itself under the workings of competition. But the price and profit method, the market which under the division of labor has grown up between the efforts of the producer and the satisfaction of his wants, has left millions in need—without property or income sufficient to properly maintain themselves. The consideration of need must be viewed and followed from two angles. The need of the community to have its citizens developed is equal to and a part of their need for development. This relationship has been formulated in the phrase, "From each according to his ability, to each according to his needs."

As we recognize that our national capital—and indeed the world capital—is really a pool of wealth created by joint effort, we shall proceed to consider it subject to the common need, and use it to keep all the people supplied with what they ought to have. The work already done in setting up standards of living is the first step in measuring need and from this we can safely proceed. The growing consideration of birth control opens the way to discover how to develop the necessary restraints on population. Mothers' pensions and old-age pensions are steps in the direction of distributing income according to need, as were public education and recreation before them. The more the capacity to produce is multiplied by technical processes, the more necessary

it is that the consideration of need should take precedence over that of effort in the distribution of ownership and income. Otherwise inequality will multiply. To give need priority means a scientific approach to the problem of property, adjustment to observable and predictable situations, whereas to keep effort in first place is to develope an authoritarian treatment—to enthrone the past and keep the grip of the dead hand on the world of tomorrow.

The property question comes down in the end to the matter of income. Our present inequitable distribution of income and the kind of people it breeds and trains at the top and bottom of society are sufficient evidence of the insufficiency of our present property arrangements. This is proof that we have too much property for power and too little property for use. The old democratic demand for approximate equality of property becomes, under division of labor, mass production, and the corporate form of industry, the demand for equality of income so pungently put by Shaw in his latest book. Toward that condition, any rational and humane community will move by some way or another. The next step will be to set up and enforce a standard of maximum as well as minimum income. The approaches have already been made in minimum wage laws, cultural wage standards, income and inheritance taxation, limitation of salaries in certain callings, and in Russia the fixing of a rigid maximum for Communist Party members, and a more flexible one for the whole population. If the principles and ideals that have been partly expressed in the treatment of property in rela-

tion to personality by philosophy and religion are not to become lifeless and offensive, they must soon be translated into terms of millions of personalities.

All current attempts at a wider distribution of income carry with them the corollary that the economic surplus belongs to the community, not to individuals, and is therefore to be socially disposed. The government now takes only a part of it in taxation, but the enforcement of the claim indicates that in necessity the state could take all, remembering that no surplus exists until maintenance has been provided. It is inevitable that the corporate nature of modern industry and living should put the principle of effort as the basis of property in the background and should exalt the principle of need, if for no other reason than because the relation of individual effort to the joint result is so indeterminable. From now on their position is reversed.

Since the outcome of determining ownership by the competitive struggle and then justifying the result as the reward for effort has been to establish luxury and poverty in the new economic environment of this continent—where they were both unnecessary—it is clear that the needs of the people in the future cannot be met by that method. Our experience with industrial monopoly demonstrates conclusively, if the landlords' monopoly of the land in Europe had not already done so, that the less property there is for power, the more there is for use and the more the needs of the people can be supplied. Therefore property for power will be treated tomorrow as was the absolute power of kings yesterday. The power to

charge for the use of land or tools is in certain situations a more vital power to tax than was taken away from monarchs. The power to take income without working is power to commandeer the labor of others, and that was long since taken away from emperors and slave-owners. The attenuated survival of that power has now to face ethical tests additional to those which ended its former manifestations. The proof of its social uselessness need not wait the long demonstration of unendurable suffering. The test of origin is sufficient. If the claim to property rests upon the productive effort of the owner, by what moral right do some possess what others have produced with no equivalent of exchange in services? All the nobler spirits of modern literature have assessed that situation as demoralizing to both persons alike. Out of this relationship proceeds the sickness that will, if it is allowed to develop, finally end industrial society. Meantime the disease grows in free, democratic, working America.

Here our political tradition accenutates the moral issue involved in the possession of property for power. In a republic we give people office only while they are useful, at least that is our theory and intention. But it is not yet our way in property. Its owners can still hold power long after any usefulness is gone. There is not even any expectation that their heirs will render any return to society for benefits received or power held. Let a boy fly the Atlantic or a girl exhibit an unusual voice and we promptly give them half a million dollars without a thought of what

that may do to their future usefulness or to their descendants.

The trend of change in the institution of property is very evident. It is toward the increase of common ownership through various forms of voluntary association; in lesser degree, but still in marked manner, it is toward more public ownership through the agencies of government. This development is proceeding farther and faster than most people recognize. The average American usually forgets there is any such thing as public property when he thinks or talks of that institution. For the core of political economy and the goal of economic activities is not today the Wealth of Nations, but private property. Also the American public has been subjected to powerful and skillful propaganda, reaching into the colleges and down into the schools, dictating speeches of professors and parts of textbooks—as the recent Federal Trade Commission's investigation into the publicity activities of the electric utility companies has revealed—to depreciate public enterprise and magnify private initiative. Nevertheless the movement away from private property at certain points continually gains headway.

Having given away most of our natural resources to individuals and not altogether liking the results, we now tend to reverse the process. Private interests have not been able yet to acquire the remainder of our water power, though the fight for it is still hot. We buy back some of our land and timber for forest reserves. Seldom now does any enterprise once acquired by the government return to private hands.

The trend is slower in business operations than in natural resources, because of the element of individual effort. But here too the common need and use lead to common ownership. This tendency increases as forms of non-political control and operation are devised. The technician replaces the politician in government, as in private enterprise he displaces the entrepreneur. This movement in national, state, and municipal affairs has been recently charted by Laidler. It runs all the way from education and health to the supply and management of essential facilities like water and electric power.

That this tendency should increase is inevitable. Regulation of natural monopolies and public utilities —which is a limitation of ownership through the limitation of profit—is admittedly breaking down. In some states the commissions created to control the public utility interests are now controlled by them. Federal regulation of railroads is not producing economic efficiency. Regulation is plainly only a halfway station. The experience of the New York subways does not give authority to the plan of partnership between private and public ownership. It is freely admitted by some of the leaders of the business world that certain enterprises of public need—like Muscle Shoals—are too vast in their requirements for capital to be undertaken by private funds. The concentration of power involved has long been recognized as dangerous. On the one hand efficiency and honesty in public enterprise increase with experience, on the other hand the waste of competition and the overhead charges of private ownership also mount up.

The evidence of the inefficiency of private ownership and operation of things of common need and use is increasing. We no longer trust it for railroads and public utilities; it has broken down in bituminous coal; it is unable to solve the problem of food supply.

How far these trends will go need not now concern us. There are various formulae from different sources which both register and anticipate developments. For instance, those things which the people in common use should be owned and administered by the people in common; the common ownership and democratic control of the means of production and distribution; things which are monopolistic by nature or subject to monopoly control must not be left in private hands. But just where the trend away from private property will stop is experimentally to be determined. In Russia, with a communal background, they discovered that it was not desirable to publicly own and administer small business, small houses and farms. In this country, with its powerful tradition of individualism, it is much less likely that common control will ever go to extremes or that it will prevent personal initiative from making an effective contribution to society.

Always, so far as we have the records, personal and common property have existed side by side in every form of society. The difference has been in the proportion between them. There never was any early communist society from which we have fallen, there never has been any absolute right of private property, though in these United States we have at times and places come as near to it as any people since the days

of absolute monarchs—at least we have established the idea in the minds of certain people. In the earlier days of human association, common property predominated over personal possessions. In recent years it has been the other way. Now the pendulum swings back. Mass production and universal consumption require planning and control which will finally be collective. The nature of modern economic activities dictates the forms of property; social necessity makes its ethics.

The changing forms of property are connected with certain changes in its nature. As our business population becomes more mobile because of national organization of enterprise, more people want—for what they still call home—not a family homestead but a temporary stopping place. Use rather than absolute ownership is their need. This condition, then, will determine one form of property. Does private or public ownership of electric power give us more extensive domestic use of it? For it is a property right in its use that the housewife wants. It is good for all who want it to have a bit of ground to use and to beautify, and it is good for society that they should have it. Does the private ownership of large estates, requiring a retinue of hired servants to maintain them, interfere with the attainment of this good situation? If the values which are claimed for private property for use are really contained in that institution, then it must be extended. The present property system faces a double paradox—the more private property there is for the few, the less there is for the many; on the other hand the more we limit both the

kinds and the amount of private property that individuals may hold, the more people it can be divided among. It is now demonstrated that the extension of public property in capital plant means more private property in the form of use of consumable goods—in electricity as in books.

What is happening, then, is an extension of property rights at some points and their limitation at others. Under mass production, what the mass of the people want is a claim on income. What society for its welfare needs them to have is sufficient consumable goods for their development. To reach that point we begin to limt the right to speculative gain by government regulation and by taxation, and also the claim to income without contribution to production. The unearned income schedule in our tax returns, the willingness of British Liberals to rule out the claim of absentee capital to share in net profits, are steps in that direction. This trend coincides with the teachings of religion. All great religious leaders have warned against luxury and wealth, have insisted that riches are a menace to the life of the spirit. Quite often this trend of reaction against the world and the flesh has gone to asceticism, but the consensus of judgment has been, "Give me neither poverty nor riches, but feed me with food sufficient for me." The prophets of religion have also been with the producer and against the exploiter and the idler. They have stood for the right of people to eat and their corresponding duty to labor. They are well represented by the saying, "He that will not work, neither shall he eat."

It looks as though science, as it begins to measure the economic process, would move in the same direction. How can wants and efforts, demand and supply, be rationally adjusted except on an approach to equality of income, at least to the extent of a maximum and a minimum? Is not the essential condition of securing the utmost possible benefits from the machine the achievement of equality in consumption of at least necessary goods. Moving in the same direction is the need and will of those who have not yet the proper means of development. These people in the end have always forced either the next step in gradual change or made the revolution. The question is whether modern industrial society can learn in time to develop a course of action that goes against the grain of its most powerful elements.

Waldo Frank contends that the attempt to end the competitive struggle for property is crucial to the future of the race because it is the essence of the effort to lift human living above the level of the animal, where energy is expended in the struggle for nutrition. It follows that the endeavor to save man from the guilt of fighting over the needs of his body is also an attempt to redeem him from the more human passion of the lust for power. Only when men have equal access to the means of subsistence and development do they have a chance to be really persons and brothers; only as property is used to give equal facilities for the development of the mind can it become a means for the welding instead of the breaking of society—an instrument for the spiritualizing of life.

The final economic and moral justification offered for our profit and property system is that it provides the necessary capital for the future. This term is used in a double sense. What is meant is both capital for the individual—to provide against a rainy day—and capital plant for the nation. The alleged coincidence of these two is part of the assumed harmony between self-interest and the public good. But here again the two interests diverge with the age of the system. The early industrialists both developed and worked their capital, as did many of the earlier landlords. Then many of their descendants rotted by luxurious living made possible by the rent, as many of the grandchildren of the industrialists are now rotting from living off the dividends. In an unforgettable passage, the British economist Keynes has explained how the property-owners have kept the rest quiet by insisting that they must keep the cake of the national capital or otherwise the foolish, unrestrained people would eat it. But now, he adds, their descendants have discovered they can both keep the cake and eat it too. Then he asks what will happen when the rest of the people find out this fact. For it is a fact. How many of the third generation of capitalists will use their capital for either constructive or speculative purposes? How many will do anything but spend the income of the trust funds made to provide for them? How many will spend that in such conspicuous waste—as Veblen calls it—that their example becomes a corrupting force throughout society?

In such an outcome the possession of capital falls

back for its justification upon the social usefulness of the efforts of the original makers. And if that question is pursued factually, some things decidedly embarrassing to persons of sensibility will come to light—as they did during the sittings of the coal commission in England when Smillie, the labor leader, questioned certain earls, dukes, and lords about the manner in which land came into possession of their families, and finally gave them the history of which they were ignorant. In cases where inherited property originally derived from socially useful activity, the question is how long does this effort have virtue? Through how many generations of idle descendants can its utility be transmitted? Also if the ends sought by inheritance are valid, that method must finally face the claim of those who likewise put labor into what is after all, as Hobson insists, a pool of wealth created by common effort and receive no property therefor. If the case for inherited capital is pushed back to the ground of consequences and usefulness, it becomes weaker still. The number of wasters and rotters, the amount of idleness and luxury, that is likely to result from an inherited-property system founded on industrialism can be estimated by the amount that developed in Europe under the inherited landlord system. There noblesse oblige, quite widely working, did not save the leisure class from corruption enough to make them in the balance a pestilence in society. And Newport, Reno, and Palm Beach make it clear that the inherited American tradition of work is not likely to do any better.

The use of many huge fortunes for constructive

purposes in business and philanthropy cannot tip the scale in favor of the profit-property method, for such use still involves the concentration of power that democracy has been seeking to avoid. The record of the coöperatives in Europe and the labor banks here, on top of the increasing success of government-financed and-administered enterprises like the Joint Port Authority of New York and New Jersey, makes it apparent that if all the people are given a saving income they can provide and administer all necessary capital plant without the inequalities of our present method and the decadence which they produce in society. How much of the capital now controlled by big capitalists is the savings of small earners deposited in banks and accumulated by insurance companies? Russia now must get its capital out of small savings. With our present capacity to provide for dependents, old age, and sickness through social insurance, with the possibilities of the social use of credit to replace a lot of the present manipulations and charges of private capitalists, there is no need to regard our present way of providing capital plant as the only solution of that ever-present problem if this way is judged to be ethically intolerable.

The issue boils down to the question of interest and its validity. The immediate, practical point—if the capitalist economy is to continue—is whether dividends, above the wages of capital—that is, the normal rate of interest—should continue to go to idle owners. There is a long record of opposition to interest on the part of religion. It was forbidden among the Hebrews, probably because it was the occasion of debt

slavery. The early fathers of the Christian church modified the prohibition in favor of loans from which gain accrued, and later the philosophers argued for the right to the natural increase of money as to the calf from the cow. But to take interest on a loan to someone in need was still forbidden. As banking and credit increased, the voice of the church against interest became but a crying in the wilderness. The profits of expanding trade and rising industry held the attention of the city, and its conscience was satisfied by the plea of economic necessity. The next concession was to draw a line—which never held—between usury and interest. Finally Calvin finished the job and made a lot of history when he declared that it was lawful for a Christian to take interest. Then was cemented the natural alliance between Protestantism and capitalism whose outcome is yet to be seen.

The traditional defense of making a charge for the use of capital—now extended to cover the receipt of all the net profit made in the transaction—affirms that it is because he has refrained from spending his money on himself that a man is justified of his interest. It is a reward for his abstinence. Here again we have the assumption of moral authority, the invocation of the principle of reward for labor. But how does this justification square with the facts today? According to tax returns about one-third of the national income goes to those who receive twenty thousand dollars and more a year. How much abstinence do the annual recipents of these huge sums practice in order to make investments? A large part

of the capital plant of our big industries is created by earnings. It was contributed by the consumer in excess prices and by labor in too low wages. This indicates that profits were higher than necessary, as is clearly shown by the fact that what has baffled the efforts of the Federal Reserve authorities to check the expansion of credit for the recent wild and dangerous speculation in the stock market has been the presence in the banks of almost a billion dollars of idle money belonging to the big corporations. Since new plant is no longer profitable, though socially needed in some cases, much of this money has been loaned for stock speculations.

The amount of capital plant created out of excess profits is not yet known, though a tentative study has been made by Soule. The property of a number of corporations is now worth more millions than the thousands put in by their founders. One company advertises, as a sign of public confidence, that about a third of its capital has been contributed—of course unwittingly—by the consuming public and put back into new plant. Yet the public not only owns none of this, but the company goes on charging interest for it. This situation gives a twist to the doctrine of the creation of capital by abstinence. In such cases it was not the capitalist who abstained, but it was the consumer and the worker on whom abstinence was forced in the form of high prices and low wages. As their reward they must abstain still more in order to pay the stockholders lawful interest on the results of their own original abstention. We seem to have a vicarious theory of interest, but Henry Ford rejects

it. He says: "We do not regard the public's money returned to the business (in the form of profits) as an investment on which interest should be charged. That money is the public's money. . . . We have no right to charge the public interest on its own money." But the prevailing business morality is justified by the academic evasion that capital is created by voluntary saving through abstinence.

Again the facts show that a heavy proportion of our interest-bearing capital is pure water. Another part of it came through profits which accrued without effort of the investor, but at very heavy cost to the public. For what, then, is the investor getting paid? And the public? It is time to adjust our theory of interest to the facts. And when that is done we shall also get back to the ground of consequences. It was with a sound human instinct, fortified by observation and experience of its results, that our historic religion long fought the practice of interest. It was defeated on this matter in the early days of capitalism because of practical necessity. The only way that rapidly growing business could get for its needs the use of money made from the land was to pay well for it. Now religion can turn the same weapon against its adversary. There was then no other way to get certain necessary things done. Now there are several. Personal and family provision for the future can be provided by insurance, whose funds can be socially administered to provide capital plant; to this can be added small savings from widely distributed income. While persons would not at first save as much for this purpose as corporations, there

is no reason why they cannot learn so to do, if it is necessary. Then the social control of credit can be developed. Also much plant can be provided out of prices, under social planning and control. What investment banking now does to provide facilities for future production can be done more intelligently, because with wider and more accurate knowledge, by an economic council, as required for England by the new Liberal program and now operating in Russia.

With these alternatives at hand, religion is not now to be silenced when it calls attention to the present consequences of the interest method of securing capital. How long has any society survived the development of a powerful wealthy class, with its attendant idlers? What becomes of a democracy if the majority of citizens are excluded from participation in making and administering the necessary capital plant of society? How far can the increase of capitalization go without becoming unbearable? Just how much its demands now lessen production the statisticians have not yet told us. It is obvious, however, from the amount of idle money, mines, and factories, that—as a result of our inequality of income and the use of it to secure profit and interest—we are getting too much capital and getting enough of it into the wrong places, even for the successful running of the capitalistic economy. The use of more of our national income for consumption needs would open a way out of "the dilemma of thrift." Less savings and more expenditure for the necessities of a healthful life would enable us to keep more of

our capital plant going. The resulting higher income, with the possibility of more saving for more of the people, would make available more capital in the future if needed.

With these alternatives and these disastrous consequences both in sight, the validity of our theory of interest is badly shattered. The method will have to be used for a time—as Russia has found out—but its powers will be shorn. It will become more of a social tool and less of a property right. It cannot be assumed, however, that this development will proceed automatically. Mankind has a terrible capacity for repeatedly going up blind allies. A social or economic institution is more than a tool. The dead hand can hold it in its place of power long after its usefulness is ended, and tradition can keep its spirit alive long after its form has been abolished. Is not the essence of slavery still with us in certain of our wage and tenant relationships? When an outworn method of handling the affairs of society too long walks beyond its time, sudden and drastic change is unavoidable. This outcome is the penalty of failure to develop and use foreknowledge in order to avoid predictable consequences. Since science came to the aid of the seers, society has a better chance to escape disaster. It is a function of science to make the prophetic capacity general and less liable to error.

In this matter, the sudden and drastic change to be avoided is confiscation. But this is a dread word, invoked to stop any change in the property system, and thus unwittingly used to make inevitable the fact it portrays. To most property-owners this term

represents the sum of all villanies, the climax of immorality. The courts have even developed the habit of using it to prevent interference with speculative profits. Yet at the same time they look with complacency upon the confiscation of human life that goes on automatically as the profit system takes its toll of health, efficiency, and even of morals. They declare a certain rate for a public utility confiscatory without regard to the fact that the new rate asked is based on confiscated values embodied in fictitious capital—values taken from the public life and maintained only by further confiscation of part of the income of those who must pay the rates which would be unnecessary but for this inflated valuation.

There are some essential distinctions in this matter of confiscation that had better be considered instead of shouting the battle cry. It will be conceded that there is a vital difference between the confiscation of life through enforced labor and the abolition of property values. The slavery question settled that. Also there is a moral and practical difference between confiscating unearned increment and taking the result of socially useful effort. This difference is recorded in the familiar economic axiom that excessive taxation defeats itself by checking production, and in the teaching of the Roman Catholic moral theology that where property is unjust and its consequences so antisocial that confiscation is necessary, it shall be done in such a manner as to avoid undue suffering—that is, as gradually as possible. Whether or not it is so done depends, of course, upon whether injustice in the property system is faced and removed in time.

If society goes on confiscating part of the lives of the productive workers to support idlers and wasters, there is a natural law of revolution that operates, and its course is predictable, as Edwards has shown. Obviously it would be better all around to pension off a generation of dependents upon an unworkable and unethical inheritance system, both on the grounds that they were permitted to grow up with expectations and claims—victims of an unethical situation like the poor we are now beginning to pension—and also because it is cheaper in the end than a revolution. But will both sides see this in time? Especially when most honest and useful property-holders are so easily made to believe that the confiscation of anti-social forms and amounts of wealth is identical with stripping them penniless. Whereas of course the two processes become one only when the former is unduly delayed.

Again there is a difference between confiscation by an absolute monarch for his own purposes—which has built up the sentiment and tradition of English law—and confiscation by a democratic state in the public interest. They both rest on the fact that property is a grant on sufferance for certain purposes. But the consequence that what the state gave the state may also take away means something very different in the two cases. Therefore though the monarchs did not survive the practice of confiscation, the democratic state does. We practiced confiscation in the matters of colonial Tory property, slavery, and liquor; England did it in her war taxation; and France has just confiscated considerable middle-class

property in stabilizing the franc. Capitalistic industrialism is now in this dilemma. On the face of things it so works that it continually confiscates a part of the life and labor of the many for the benefit of the few, under the authority of economic law. Hence it creates a tendency for those many to turn around and use the state to confiscate the property and perhaps the lives of the few. To avoid confiscation, capitalism must quit its own confiscating. It can only escape the danger it fears by changing its nature.

So far from yet showing any signs of repentance and transformation, the capitalist economy in this country even tends to confiscate its own values by piling them up fictitiously to a point where they then collapse. Can the process of stock-watering stop short of a gigantic South Sea Bubble? Apparently it has not in the land situation. In some states food cannot be raised profitably on the basis of the capital charges of present land values. Then our most equitable property system legally squeezes out one set of owners in favor of another by the process of foreclosure on crop and chattel mortgages! But can this go on indefinitely?

With stocks the situation is still more difficult. The water is in. How is it to get out? By their origin, watered stocks are enforcing a legal claim to confiscate part of the national income to an extent that cannot permanently be endured. But they sold for good money to honest investors. There are the much-heralded "widows and orphans" lugubriously to consider. There are also more widows and orphans

who have never had either property or consideration, and are now claiming both. How, then, can the situation be remedied without more confiscation, modified or drastic? This is the ripe fruit of the doctrine of self-interest. How intelligent does that motivation look now? If the modern rich ever have occasion to weep and howl for the misery that has come upon them—as the scripture bade those of an earlier day—it will be for a wretchedness they have brought upon themselves, some ignorantly and others greedily. Most of them are trusting the principle of self-interest after history has sufficiently demonstrated its destructiveness. They have built a property system upon power after enough civilizations have been swept from that foundation of sand to warn even children that it is unsafe. Now they face, not the denunciations of prophets and apostles who can be dismissed as mad, but the dread certainty that the law of cause and effect operates in the moral universe, and the knowledge that it contains the principle of retribution. There is only one way to avoid the harvest of bad seed, and that is to plow the ground and sow again.

This is precisely the kind of action that is called for by the ethic of Jesus. Traditional economics, in the face of multiplying discrepancies between the facts and its doctrine of property, is devoid of counsel because it is committed to the hypothesis of the way of selfishness as the road to social salvation. But the ancient morality that lives and moves to fulfillment in the words and person of the Nazarene offers new life to that social order which will go on de-

veloping its approach to the otherwise insoluble and fatal problem of property. That approach began with the tribal family life and its sharing, its recognition of the need of all, and its requirement of mutual effort; it led in a more complicated society to the way of the cross. For from the beginning it involved the principle of sacrifice, it laid upon the strong the obligation to serve and, if need be, to die for the weak and for the common life.

These two essential characteristics of the ethic of Jesus explain why his words on property are little understandable to industrial society—which is based on the individualistic struggle for power—and are therefore either ignored or explained away in most of our churches. The ancient teaching of the church that covetousness is a deadly sin, like murder or fornication, would be news to most congregations today. The Man who drove the excess profit-takers out of their customary place of business in the outer court of the temple—after he had chosen to go to Jerusalem to join the issue with the rulers of his people—is indeed unknown to most of those who write books about him, and especially to the cult of sentimental service—always for profit or at least without interfering with reasonable dividends and luxuries. Who of us may follow him? Yet always in history those who have seriously set out upon his path have sought in some way different from the world about them to apply the principle of sharing to property. They have understood that for those who walked his way the chief end of man was not

possessions but fellowship—with each other, all men, and the Eternal Spirit.

The way of Jesus was not renunciation alone. He was no ascetic. Not without individual giving-up will the issue of property be adjusted, but never by that alone. The fact of organization was imbedded in the origin of the ethic of Jesus, is implicit in the concept of the Kingdom of God. Whatever else that may be, it is the commonwealth of man; and the base of any commonwealth is the recognition of the community of goods, in some form or other. However property may be administered, the common life—family, tribal, national, religious, world-wide—is ordered in some degree around the idea that there is a common pool of wealth upon which each and all have some claim. When the Hebrew religion declared that the earth is the Lord's and the fullness thereof, and began to conceive its god not as an absolute monarch but as an ethical being whose nature is justice and love, it put a most powerful force for the creation of the great commonwealth behind the ancient tribal morality. So indestructible is the idea of the community of interest in property developed out of uncounted years of its practice in the more primitive forms of human association, that it survives and grows even in the individualistic, power-seeking, acquisitive society and may yet become the means of salvation, if its power is recognized before disintegration goes too far.

It is the presence of this historic element in the ethic of Jesus which gives the final challenge and value to his attitude toward property. His denunci-

ation of the perils of possessions, his declaration that life does not consist in them, are common to the seers and sages of every land. But he also treats individual wealth as the menace to the commonwealth, the almost impassable barrier to the Kingdom of God. This emphasis is the fulfillment of his national religious heritage, even as his insistence upon the duty of the strong to serve—which led his followers immediately after his death to hold their property subject to the common need of the fellowship—was the fulfillment of the tribal morality of his people. When this approach to the problem of property is pursued not merely to find out what an individual follower of Jesus may in good conscience do with his income and possessions, but also to discover how our complex society may administer its property so as to avoid the impending dangers of our present inequalities, it runs into the trail of those who are seeking a solution of the problem from the purely scientific standpoint of consequences.

If these two efforts are now joined they will make the way out, because they provide an answer to the question of what property is for—a question which the Western world has never squarely faced. It has been so busy making new forms of wealth—many of which are turning out to be "illth," as Ruskin called it, and others only debt for the larger part of future generations to pay to the smaller—that it has never stopped long enough to find out what all the property-making activities of industrial society really signified. Religion, when it is ethical, declares what science assumes—that the only valid use and purpose

of property is to nourish and develop persons, and all persons in the community.

The instrumental or functional conception of property is identical up to a certain point with that developed by those who seek to fulfil the ethic of Jesus, because the germ of both of them lies back in the early associations of man in the face to face groupings. This is an older and a more vital wisdom then that proclaimed by those who have been using the might of science in the effort to form another civilization on the basis of property for power, without regard to either the lessons of the past or the signs of future consequences. Also it urges man further. After the modern world finds out that property is for the use of all men—not for the power of some and the enslavement and stultifying of others —it still has to find out what man is for. To help him discover this is after all the main function of religion. Its time is not to be consumed in settling economic disputes, as Jesus pointed out. Its duty is not ended when it has reminded man that as he brought nothing into this world so can he carry nothing out. What man will use property for depends upon what he wants himself to be. And this is what an ethical religion must help men to decide, as it must help them to realize their choice. And this it must do in part by relating their economic activities to those of the eternal spirit, by transmuting property into those ethical values which determine destiny.

CHAPTER VII

The Economic Virtues

Whatever may be the defects and dangers of the working philosophy of our economic order, whatever the perils to the future life of man in its doctrine and practice of profit and property, it can properly lay claim to have put a strong stimulus behind the development of some indispensable moral qualities. Thrift, industriousness, and honesty are the economic virtues; and their increase must be set down in the credit side of the balance sheet of capitalistic industrialism. They have flourished luxuriously in our virgin soil, for whose cultivation they were particularly needed. The advocacy of these qualities constituted the gospel of Benjamin Franklin, who was not the least of those who furnished some moral justification for the rising capitalism of the eighteenth century. In England as well as here his works do live after him. Later, with more banality, the famous trio of economic virtues was expounded by the appropriately named Samuel Smiles, under his well-known title "Self Help." In due time they descended to the level of certain popular magazines.

It is at this point that affinity has been proclaimed between our economic behavior and our nominal re-

ligion. Scholars, chief of whom is Max Weber, have analyzed the identity between the economic and the Protestant virtues. The Roman Catholics, having a larger proportion of the poor, a more easy-going system, and a longer experience of human nature, are not so subject to this identification. Among them poverty could hardly be the disgrace that it became for Protestants, instead of the blessing the gospels declared it. But for the Puritanical, Calvinistic wing of Christianity, this departure in Protestantism was a logical and practical sequence. The one economic emphasis of this school was that a man must be diligent in business, serving the Lord. Also he must deal justly with his fellow men. Certainly he must not waste his substance in riotous living or foolish expenditure. These religious duties, faithfully observed, usually spelled financial success in the expanding days of capitalistic industrialism. The monetary return that followed was the mark of God's favor not merely because a part was given to His work as administered by the clergy, but also because it was a visible sign of the practice of the Christian virtues.

It escaped notice for a time that these economic virtues, while given a place in the New Testament, are not spoken of as often or as highly as other qualities, which have come to be regarded as the typical graces of the Christianity of their day. So in due season certain observing preachers came to comment on another sequence, this time quite paradoxical. It is that these so-called Christian virtues tend in the long run to weaken and destroy the religious life, because they breed the riches whose deceitfulness, cares, and

luxury turn men away from the pursuit of spiritual ends, and inhibit that humanity and brotherly love which the gospels inculcated. That is, the economic virtues prove destructive to the Christian graces. This situation raises the question of which of these sets of qualities is of greater worth and concern to the life of man. If they both are necessary, which is to hold the other in check? A corollary question is whether the economic system which claims to have strengthened these virtues is able to maintain them. On the face of it they are deposits of experience long antedating our present capitalism, and of permanent use and worth to the organized life of man. If, then, our present system so uses them as to endanger other essential qualities, it must answer the question of how and for what purpose it does so.

In the temperate zone industriousness and thrift are essential qualities. Without them society would have no surplus for capital and the individual would avoid the poorhouse only through being kept by others, both of these situations being the dread of the self-respecting poor, whom we permit to live on the hazardous line of insecurity. In the language of the economists, the practice of these two economic virtues secured necessary abstinence from present consumption for the sake of future use. But for that section of the population to whom our present arrangements give an income larger than they can reasonably consume, such abstinence is inevitable and is therefore no virtue. For that larger section who have not income sufficient to provide a reasonable cultural standard of living, to be compelled to live

on a still lower scale in order to provide for future needs, leaves society in a constant deficit. For those who have not even a health and comfort standard of living, such abstinence means an impoverished, undernourished life which is a positive evil.

Under our present investment trends the more the rich save and invest, the greater the capital charges upon future production, except for such portion of this investment as may go into needed new enterprise. Even there the statement holds as against the alternative ways of providing new capital that have already been recorded. But most of the present search for gains from investment is in the field of manipulation of existing enterprises and their securities, and in the end the gains sought can be held only at the expense of product or labor, or both. Therefore, as things are now going, the more the rich manage to save—in the euphemistic sense of traditional economics, the less the poor will in reality be able to save. So if their lack of thrift and possessions be the sin it is commonly reputed by the well-to-do, it becomes in the ripe days of the profit economy an obligatory delinquency to match the forced virtue of the others. The situation has its theological parallel. Just as once any of the elect could see how well it was for the world that they should have the promise of eternal bliss, regrettable though it might be that those foredoomed to be damned should suffer the torments of hell, so today any properly trained child of the well-to-do can see that it is better that the poor should not have more than a living, because they only waste it. The rest should go to the natural guardians

of the trust funds of society, who are so admirably disciplined in the art of saving and so well educated to dispose of the results.

But a deeper contradiction ensues. On the one hand the people of moderate income must be exhorted to thrift both for their own sake and the good of the country, meaning thereby that there may be more trust funds for the wiser guardians to administer; but on the other hand the people must be stimulated to spend, otherwise how can business keep going? So what is not accomplished in the latter direction imitatively by the sight of the conspicuous consumption of the rich is done by the store window, the advertising columns and signs, the circulars that flood every mail. As fast as the bankers persuade people to save their money, super-salesmanship with the aid of the instalment system gets it away from them. An automobile company informs us that this is now a two-car country. So presently we shall doubtless hear that every workman has two automobiles—one to take his wife to one factory to work, and one to take himself to another. Then, in cultivated circles, both of them will be properly damned for their extravagance and their impudence.

In the matter of industriousness or diligence, a similar contradiction occurs. That people should work in the days of their strength and then in their declining years should not need to labor is a social arrangement in harmony with the rhythm of nature. That those who toil should acquire property rights through which their children do not need to work is a situation of a different moral texture. For how

many people caught in the traditions of our property system is the end of work to create a leisure-class family and so destroy the gospel of work, just as certainly as the habit of labor is destroyed at the other end of the social scale by enforced unemployment. In the American scene this decline of the will to work, which is involved in the price and profit economy, proceeds slowly but its speed is now being accelerated by the influence of the essential fact that in certain occupations and within certain limits—including now some sections of agriculture—the less one labors the more he makes. Economists may argue that this will check itself because the diminished supply will create a rising market, but the damage to morale is done. The producer's ethic has given way to the exploiter's morality, which justifies gain without equivalent effort. Who can estimate the final effect on the national life of the dogma which academically supports the profit motive by asserting that everyone naturally desires to get the most returns with the least effort? That degrading belief is denied by the creative activities of the human spirit, but how much does it weaken them? The get-rich-quick spirit is infectious, and this doctrine is its germ.

In this matter, as with thrift, the trouble is that a virtue is used for an individualistic instead of a social end, and so for its own undoing. Work is urged to get money, not to create a noble society. Money removes the necessity for toil and stimulates the desire for more money and the perfecting of the profit method through new devices for exchanging less labor for more. The sight of easy profit and high dividends

does more to create the nemesis of industrialism—the destruction of the will to work—than any other single factor. Profit and diligence do not permanently go together. It is again money first that does the damage. This machine-driven procession of modern life has never stopped to asked whether it needed to go on doing the things that it now does in order to make money. From the standpoint of the need of society, thrift and industry are the virtues of a deficit economy in which the technique of production is inadequate to secure a normal life to the majority of the people. In that situation, where there is need for continuous work and saving, religion naturally puts its sanction behind the qualities of thrift and diligence. The cavalier bred in luxury said, "No gentleman works." The Puritan with a new world to make said, "Everybody works." What are his grandchildren saying?

When the economic technique is able to create a surplus, the need is not for saving but for more consumption, up to the point of healthful living. There is sound sense in Russia with her deficit in production letting women work under proper safeguards for health and motherhood and home. But in this wealthy land it is social insanity to let mothers of young families be overworked in factories. What point is there in keeping the economic machine running merely to sell things in order to pay interest to the stockholders? Or in developing the diligence in anti-social activities that is called forth by the profit stimulus? Who knows which of our occupations falls in which of the categories set forth by the

English village philosopher—who had never been twenty miles from home—when he said, "There are three kinds of work. Wicked work like making cannon. Silly work like writing books. Useful work like raising spuds." In a machine economy, thrift and industriousness are virtues only when applied to the production of demonstrated social needs. The value of toil in creating personality has no meaning otherwise. Here is another point at which a sound economic morality waits upon measurements and planning, at which ethical development and technical skill are interdependent.

There is no question about the stimulus that the present economic method has given to the virtue of honesty, particularly in the matter of keeping one's word and recognizing an obligation. That his word is even better than his bond is one of the proud boasts of the highest type of modern business man. It is a tradition in such circles to make good losses for which one is morally responsible but not legally liable. Such conduct puts the crown of honor on the head of contract morality. It gives the lie to the doctrine of the profit motive and demonstrates that a good name is more to be desired than riches. The establishment of the single price, the building of a credit structure on the ground of good faith, are no mean accomplishments for the capitalist economy to have added to the sense of obligation which it inherited from an older economic society.

But again we have to note a change which increases with the age of capitalistic industrialism. The common maxim of business, from which those who keep

their oath after they have sworn to their hurt are exempt, is that honesty is the best policy. This saying makes good faith depend upon profit, and for continuous trade it embodies a correct observation. Overcharging, misrepresentation, violation of agreement, in the long run, do not pay. But for immediate purposes they do. Hence when money-making really dominates, honesty is at a discount. How does this fact affect the circles of investment, whose interests constantly take priority in economic transactions? Recently certain coal companies broke their contract with the miners' organization while others kept theirs. The violators affirm that to keep faith was economically impossible, meaning that profits could no longer be made by paying the contracted wage on the basis of present capitalization. Why have the ways in which bankers make profit out of handling other peoples' money increased since the war over those described in a book on that subject by a justice of the Supreme Court of the United States—and always in forms previously regarded as unethical? How is it that a government report can prove that there is no large purchase on the part of our railroads that does not carry a rake-off? Why do public utility accounts subject to regulation often contain items charged to the wrong places? Why did this practice reach its climax, as the above-mentioned report shows, in the claims filed by the railroads under the government guarantee of revenue for the six months following their return to private hands after war-time government operation? Why did a railroad company get millions added to its valuation

by promising not to ask for a raise in rates, and then a few months later petition for and secure a "readjustment of rates"? The answer is that these things were done to enable the controlling stockholders to take out several millions of profit. Just where is the pull to keep an impersonal investment machine which puts dividends before benefits to society on the path of the honesty that pays in face-to-face merchandising? Even there, "he profits most who serves best" is far from being true in every case.

Profitableness is too slender a reed to help a social morality to walk. The assumption that selfishness can be enlightened enough to operate for the common good—which underlies our whole economic conduct —needs a lot more factual support than has yet been offered for it. There is evidence enough that self-interest has never been intelligent enough to stop from hurting itself in the rush for profit, let alone from damaging society. Nor is it any more likely, under the increasing pressure of competition between organized groups of capital for the largest possible share of the national income, that self-interest will stop short of damaging its own honesty.

Moreover, at another point, the economic virtues must meet a different test than that provided by those early days of industrialism in which they were so exalted. Any economic morality that is to serve a world that lives by the machine must be a universal morality. All of human society must accept the same ethical principles for its economic activities or the machine cannot fulfill itself, since its largest usefulness requires both production and consumption

organized on a world basis. Thus science joins religion in requiring a unified world.

But the morality of the economic virtues is obviously a double standard. This is because the capitalist economy divides itself into the profit system and the wage system, and these divisions rest on two contradictory ethical principles. The wage system says give full value for what is received, good measure pressed down and running over; it is your obligation. The profit system says give as little as possible, take as much as you can; that is good business. If you do otherwise it is philanthropy, the goodness of your heart, or a work of grace. That men on occasion act differently has nothing to do with the law of the system. Exceptions do not break it. That business conduct is modified by all sorts of humanitarian considerations does not change the nature of its governing principles. The results of this contradiction in our economic morality are hidden in the United States because of the opportunity that still remains to pass from the state of wages to the state of profits, or to mingle the two. As that opportunity lessens, it becomes necessary for us to choose under which banner we will rally, that of the producer or the exploiter; to which end we will use the economic virtues, to make a few rich with many poor or to create a society of economically free citizens increasingly becoming equal. Like our sexual conduct, our economic behavior must find a single standard of morals.

At present the morality of the economic virtues is on its way to justify its origin and to become frankly

a class morality. The view spreads that the lower classes cannot be expected to practice the virtues nor exhibit the intelligence of their superiors any more than could the peasants of Europe—the boors! Only, like them, our wage-earners will not be permitted to exhibit the vice of their masters, which in an industrial society is sabotage. The new aristocracy grown out of the rise to power of the trading class is beginning to look down on the mere producer—of hand or brain—just as the trader was for centuries looked down on by the aristocracy of a feudal society founded by the fighter—in Japan as in Europe. The assumption of superiority in the older generation of money-makers grew out of a consciousness of usefulness; in the younger generation it is based upon the possession of wealth and leisure. This change signifies a shift of emphasis in the function of the middleman, particularly the middleman of finance who sits at the crossroads of economic society. He tends to spend less energy in routing the traffic and more in taking toll, which means that the economic virtues become of less consequence to him and are likely to be despised by his children.

To the degree that diligence and honesty become the basis of the power of a class, they decline. Hence the trading class, which did a service in saving the Western world from the corruption of a decadent aristocracy by exalting the virtue of labor and bringing to the front again the morality of the producer, is losing its chance to make that ethic the universal basis of a democratic society. As long as money-making coincided with constructive enterprise, it

had tendencies in that direction. But when profits from manipulation of existing enterprises bulk more than those from constructive undertakings, it means that the morality of the exploiter—to take and to hold—has replaced that of the producer—to make and to share. And no amount of professional sophistry, try as it may to hide takings under the cloak of return for useful labor, can disguise the fact that the principle of let him take and let him keep who can is incapable of holding society together. A power morality is in the nature of the case a class morality. That it is a duty to produce according to capacity is plainly a universal standard; how can the standard that it is your duty to make all you can—and so serve your fellow men—be universalized?

It is significant that the attempt to put an economic philosophy behind our present haphazard way of relating efforts to wants has been undertaken almost entirely by the successful in the competitive profit struggle and their associates. Adam Smith was the voice of the traders and the rising manufacturers; Ricardo was a banker. And these two men laid the foundation of traditional economics. How much, then, is that discipline the rationalization of the ways of the successful money-makers? When a voice speaks for the unsuccessful it always criticizes or rejects prevailing economic philosophy and its morality. In the nature of the case our economic thinking reflects the economic fact that we have a class-divided society. That the personnel of the classes may change somewhat under competition does not alter the fact. The words master and servant are

still with us in law and fact, carrying over something from the days of lords and serfs, owners and slaves. The attempted justification is also the same, that the masters and owners can do more for the servants and wage-earners than they can do for themselves.

But a class morality, even though it temper power with benevolence, cannot be adjusted to the ethic of Jesus. For that antagonism, which has always existed beneath the surface and sometimes on it, between the gospels and our modern economic manner of living, there is an historic reason. Those who made the morality of the law, the prophets and the gospels, were either peasants and craftsmen or those from other ranks of society who protested against the injustice from which the producers were suffering. It was in behalf of the poor and the oppressed that the prophets of Israel appealed to the older morality of the communal tribal group—with its spirit of solidarity and its custom of sharing—against the class morality of the fighters who had seized control of government and the city traders who were dispossessing the peasants from the land, according to the precedent and under the influence of the surrounding imperialistic nations. The Hebrew prophets declared that the older morality represented the will and nature of God and they demanded that it be developed in the new conditions.

This declaration of the relation between human capacity for brotherhood and the eternal spirit was carried further in the gospels, and the demand that it be realized in economic society has been voiced by all those who have sought their fulfillment. Because

it grew out of a unified tribal society; because it embodies the morality of the simple producer who makes things for use, not for gain, who seeks to help others not to acquire power over them; because it has been kept alive and growing by an increasing realization of the eternal spirit whose nature is justice and love, the religion of Jesus strives ever for the unity of the human race. Therefore those who today seek to develop his ethic find themselves as much against a class-divided social order and a class morality developed by the spirit of money-making as their forebears were against a similar situation based upon the ownership of land and the divine right of kings. But before their protest can be as effective, they will need to see through the fallacy of the divine right of the money-makers, proclaimed in the sacred name of efficiency.

The extent to which American society has already become divided into classes is concealed by the idea that people can pass easily from one class to another. The idea is particularly deceptive because political liberalism still owes and acknowledges some tribute to the equalitarian philosophy which helped to give birth to the democratic movement. Also because our easy-going ways and our early traditions make speech between people of different income strata more human than it is in Europe, while our business methods have wiped out the surface differences in dress. But our Eastern papers now advertise small houses according to the number of "master" bedrooms and bathrooms they have. This is still the land of opportunity for the poor boy to achieve wealth, influence, and public service, as the newspapers and

presidential candidates remind us; but the chances for him to do this grow ever less and in some occupations can be mathematically computed. They will grow fewer still as the principles of nepotism and inheritance obtain, and as the courts help those who have gained economic power to consolidate their position. The legalizing of all sorts of economic special privilege makes it more difficult for newcomers to achieve a place at the top.

So again we have a morality which defeats itself. By holding out the rewards of privilege and power as the stimulus to economic efficiency it makes inevitable the limitation of the democratic principle under which it tries to take shelter. Current political history provides evidence enough of that. Democracy, which started out as the distribution of political power, commits hari-kari when it lends the support of its processes to an economic method that can end only in the concentration of power. The economic theory of the conquest of power by the successful cannot be carried along the equalitarian open road on which political democracy started out. That is why so many intellectuals are abandoning the democratic tradition instead of seeking for the adjustment between its ideal and the obvious facts concerning differences in capacity.

But even if it were true that the bridge between wage-earning and ownership were big enough and open enough for all to pass who wish, there would still remain the two groups on opposite sides—and between them is a conflict of economic interest which can be reconciled only by accepting a double standard

of morality that leaves the wage-earner content with his inferior position. This fact gives rise to the Marxian thesis of the class conflict which has recently been so lucidly expounded by Laski. The argument over the class-struggle interpretation of history—of only academic significance—has obscured the main question, which is the actual conflict of interest and function between economic classes in capitalistic society and the possible consequences.

The prevailing attitude to this phenomenon in the United States is that of the ostrich. By platform and press the existence of class consciousness is vociferously denied even while it grows apace in our midst, mostly among the rich, many of whom will not send their children to the same schools or even churches where those of the poor and humble go. As long as there are the differences of income that create different strata of culture, different kinds of churches and schools are of course inevitable, and in the end different kinds of political parties. In certain sections of the East, where the investment-maintained family has become established, most of the younger generation go out into active life without any exposure to the ideas on which the children of other strata have been nourished. Already there begins the same hierarchy of social status in our working population that characterizes the servants' quarters downstairs in the big house in England. There the differences depend on the ranking of the job; here they rest upon the salary. There they follow the patterns of a feudal, aristocratic day; here they take the cruder forms of a money culture. But this is a minor matter

compared to the division of interests and points of view that begins to run through American society, in schools, churches, colleges. A genuine class cleavage is forming among us.

If our increasing divisiveness is to be stopped from running in due course into the class-war stage, it will be well in time to observe certain tendencies which indicate that this may be one of the few matters in which life and logic work out together, though not as simply as Marx predicted. The tenseness of the passions that were aroused over the execution of Sacco and Vanzetti should have opened our eyes to the possibilities of hate and warfare that lie beneath the placid surface of our political stagnation. The farmers, who have been the backbone of our individualism and the political mainstay of the capitalist economy, are beginning to lose the capitalistic mind. If in the staple crops they become wage-earners for corporations, and in the smaller crops are increasingly unable to fulfill for their children the American desire for education, there can be no question about their psychology. They will acquire the mind of the wage-earners of Europe. Then they will decide,with the industrial wage-earners, whether their way out is through the conquest of economic power. Here the recent repression and limitation of civil liberties is in evidence. Recently those who rule this country have been doing their best to justify the communist diagnosis that no ruling class will permit the peaceful transfer of power.

Moreover, the whole philosophy of the competitive profit system tends to create a mind set toward join-

ing the issue in a struggle for supremacy. Here is where we reap the crop from the dragon's teeth that have been sown broadcast by spreading the idea that the test of economic efficiency is a fight, and gather the fruits of our habit of settling economic issues by a contest for power. Through the later group forms of competition, that habit is being acquired by the farmers and the organized wage-earners. "We get nothing," their leaders say, "unless we have the power to enforce our demands."

Thus capitalistic industrialism faces another dilemma. To further develop its own efficiency, or to transpose itself into a process that can get the full human values from the machine, it needs more goodwill and solidarity. Yet by its major method it divides the economic forces and engenders illwill, hatred, and strife. This is as true for the international field, where it needs world markets for both goods and capital, as it is at home. Here again we see an institution at war within itself, divided in its own nature. This conflict is not the ancient battle between the animal impulses and the visions of the mind; it is rather a complete futility of being, because neither of these necessities can be further realized on account of a wrong habit that has been acquired. So we say to the smaller nations to the south of us—whose resources, utilities, and governments are mortgaged to our investors, "we bring you the economic prosperity that is more to be desired than independence," only to find that this version for foreign use of the gospel which at home offers us bread and circuses in the place of justice and

solidarity is barren of results there also. Then when the inevitable conflict develops, the economic virtues which they have misused provide the ruling class with a self-righteousness that is fatal.

The international finance of capitalism is now better served without war. So it gradually prefers to collect its interest without the use of battleships and gunboats. But in the course of the day's business, in the normal pursuit of dividends for the investor, it makes loans which involve fighting issues between big and little nations, as in Manchuria. Where the old territorial questions are absent, it provides a new source of friction in the relationship between debtor and creditor, which is just beginning to plague us in Europe. As long as the interest and profit sought by international finance is made out of developing new resources or markets, the inherent friction is subdued, because the profit is divided with the foreign capitalist and some rise in the standard of living for the working population occurs. But as the situation stabilizes, and the money is then made mostly by squeezing the workers—as is now happening in Germany—economic hate is brought into the international situation.

So whatever unifying power capitalism possesses internationally is between capitalists, who are like the governments under balance of power diplomacy, always potential enemies even while allies. Again let it be said that the power system works the same way in economics as in politics. In the case of the weaker or subject nations, the cry for independence may be stilled and friction allayed for a while by making

native capitalists richer. But thereby begins a tendency toward the class war in that country and the throwing of the international situation into that economic alignment. An investment system by which the stronger nations profit at the expense of the weaker, with most of the gain going to the propertied class of those nations, can allay international strife only by increasing the tendencies toward a world-wide class war. The course of events in China throws the most illumination on these cross currents.

It is now a commonplace that the economic roots of war are the deepest and the last to be pulled up. The question is whether they will produce their fruit before the necessary political controls and substitutes for strife can be built up to enable this matter to be handled. What is not so generally recognized is that the contribution of our economic behavior to war is not merely in providing occasions for dispute but in its own method, which transferred the principle of the conquest of power by force from the political world where it was being gradually controlled by the rise of democracy. In its procedure of settling the ownership and direction of the economic process by competition and by the continuous transfer of the able from one class to another, it keeps alive the method and spirit of conflict in human society. Then the intensification of the conflict is the only way to prevent the intrenchment of monopoly and inherited economic power, no matter how inefficient it may be. It is through its reliance upon the war method that our economic system denies itself the possibility of achieving the unity and harmony neces-

sary to its efficiency. Thus like political absolutism, capitalism creates the rebellion that it fears, that it must attempt to repress, and yet in the end cannot.

To avoid the disaster inherent in the succession of struggles for economic control that Marx diagnosed to be the inevitable end of capitalistic industrialism, the distribution of power must be attempted in time. That undertaking has been unduly delayed by the moral defenses of the present system, one erected in the name of science—that it works; and the other supplied under the aegis of religion—that it is blessed because it gives to the Lord. Yet science presupposes and requires for its fulfillment the orderliness of human life, and the religion of Jesus is certainly against conflict as a method of social organization. Whatever the dispute about what he said or did in the matter of force, there is no question that his principles and ideals would take the world away from war. Whatever he may say about particular incidents in the gospels, where is there a qualified exegete to claim that the method of Jesus for the organization of life was the selfish struggle for power? It is clear beyond dispute that his requirement is the sharing of ability; his followers were to be like himself the servants of all. For him the reward of special capacity was not special privilege but special obligation. Either this holds for economic behavior or it does not hold at all.

Thus the gibe for which Nietzsche is largely responsible—that Christianity is the religion of the weak and the unsuccessful—is nearer the truth than its vendors know. And for it there need be no

apology. The protagonists of the supermen are unable to demonstrate that the exercise of power is as cohesive a force in society as sympathy and active goodwill. Against the claim of the prosperous that the common weal is to be found by permitting them self-expression, Jesus—like the prophets before him—puts the conviction that the general well-being comes by meeting the needs of the weak and the helpless. So there is a deep truth and historic ground behind the trite saying that Jesus is for the working people. Community solidarity, like family unity, is achieved by uniting the strong in behalf of the weak. Otherwise they disrupt society by using their strength for themselves. Against a morality of power and conflict with its inevitable disintegration—to which end it finally uses its own economic virtues—the followers of Jesus can put with some historic justification His ethic of service and solidarity.

Developed under that motivation, used for the common weal directly and consciously, the economic virtues of industry, thrift, and honesty have a different result. Used for self-comfort and self-aggrandizement, they develop a class interest, with its class morality and its final class conflict. Directed by a philosophy of progress through conflict, made the tools of a struggle for power, they become the instruments of calamity. The historic cycle has repeated itself sufficiently to become familiar. The power-seekers provoke rebellion against the injustice they have embedded in the social structure. Their descendants are neither wise enough to yield nor strong enough to hold. The inevitable transfer of

power by force occurs. With class antagonism already started, with the struggle for power in the economic world justified on the ground of efficiency, while organized religion remains for the most part comfortably indifferent to the situation, it is a moot question whether capitalistic industrialism in this country can avoid the familiar outcome of catastrophic change.

It is at this point of the method of change that the issue between our economic morality and the ethic of Jesus is finally joined, and here the issue of efficiency which capitalism has raised with religion is shifted back upon its own shoulders. In any sound, social sense—taking the long look—the question of economic efficiency is not the production of present necessities and comforts, but the ability to carry society through into its next stage without disastrous conflict. This obligation rests particularly upon our present economic institutions because they are plainly determining the nature of our political procedure. If in them lie the seeds of the conflict which society must avoid if it is to survive, then clearly its future depends upon the transformation of our economic behavior. Therefore, when the religion of Jesus demands that our economic activities and institutions be brought into harmony with his ethical principles, it appears not as the obstructor but as the savior of progress. It offers redemption not in allegorical sense, but from present sin and the death that now threatens.

It is the contention and the hope of the defenders of capitalism that it can reform itself in time to avoid disaster. In their diagnosis its present sickness

is not organic but the result of excesses on the part of some of its practitioners, which are now to be stopped by the growing ethics of business, as set down in the codes adopted by various associations. These read well, but so far they have not been enforced against any offenders. The race-track men were the only ones who refused to do business with the chief figure in the oil scandals until he was formally acquitted. The main exhibit in evidence for a reformed economic order is called the New Capitalism—and it affords much comfort to the less critical of our visitors from Europe who are worried by the condition of industrialism there.

The chief sign of this reformed capitalism is a new attitude toward labor. This development is a mixture of the humanitarian spirit and canny business calculation. Safety first, welfare work, profit sharing, old-age pensions, higher wages, shorter hours, and employee representation have all been advocated and adopted from the mixed motives of desire to help others and because they paid. It is some gain that the humanitarian spirit has passed over from the reformers to the practical men, but how much hope is there that these policies will bind labor and capital together, will give us real class collaboration and so avoid the class war?

It is no detraction from the work of those who with genuine motives have made these improvements in the business world to point out that our habit of publicity has somewhat overestimated their extent. They appear when and where some security in the competitive struggle has been attained, but elsewhere

the spirit of greed upon which capitalism depends still accomplishes its ends. To estimate the likelihood of a generally and permanently reformed capitalism, one must set over against these better conditions in some spots the kind of vituperation that was heaped by other manufacturers upon Henry Ford for raising wages, the opposition to the Child Labor Amendment, and the attack in Southern papers upon the forty-one ministers who issued a public appeal to the industrial leaders of the South to reduce the excessive hours of labor that still obtain in some of its states.

Also the natural limits that the competitive profit method sets to the reforms of this newer capitalism are already in sight. The point where high wages and short hours are no longer good business is made visible by the inexorable demand for the dividends required by the capitalization schemes of high finance and the rigors of the new group competition. Long hours in Southern textile mills leads to the lengthening of hours and attacks upon the union in New England. European and Oriental competition with the industries of Great Britain cause her statesmen to refuse to sign the international convention for the eight-hour day. There is a similar limit to improvement under state administration of industry or under any collectivist scheme, but it is not reached so soon as when private profits must be taken out; also there is a different reason for enduring the situation. How far the wage-earners will coöperate in increasing production for profit may be gathered from the history of the efficiency movement. It has learned by bitter experience to discard the callous unconcern with which

at first it regarded the high profits it produced, with no corresponding increase in wages. Because they shared disproportionately in the increased production that came from the application of the time and motion studies with which this movement began, the workers soon refused to coöperate in it, and its possibilities of contributing to social progress were set back about a generation. Recently one of the most enlightened leaders of the labor movement in this country has served notice that labor cannot be expected to increase production any further unless it shares adequately in the result.

The vital question in estimating improvement in the relations between labor and capital is whether there has been any sharing of control or ownership. Here the newer capitalism has less to show for itself. A willingness to talk over minor matters is as far as most employee representation plans go. Any genuine attempt at industrial democracy is confined to a few smaller experiments. Company unions are mostly an attempt to forestall or destroy the real organizations of labor. The foundation for an industrial parliament, which has just been laid in England through the formation of a national council of representative employers and labor leaders to work out general industrial policies, is impossible here for at least a generation. In the trustified industries where concentrated financial control has been accomplished, an anti-union policy predominates. This is carried out—for instance, in steel—with a powerful spy system. Labor does not share in control as it did in war time. Behind the drive against it from the older, more individualis-

tic employers and their associates is a deeper, subtler force, hardly conscious yet of its own necessity. The merger movement means reduction of costs to meet the increased financial overhead. This reduction will be more compulsory as competition grows between these big financial units, and it comes up finally against wages as the biggest item in the cost sheet. High wages are now justified as low cost, because they mean increased productivity. But there is a limit to that ratio. Then come wage cuts, backed by lessening employment through technical improvements. Against these conditions organized labor must and will fight. Hence, in the name of efficiency, labor must and will be weakened. If we are to have financial control of industry for financial purposes, the newer capitalism will be in the end—as it was in the beginning—a movement to crush organized labor. Organization for the production of dividends can be neither humanitarian nor democratic beyond a certain point.

To make this certain, there enters our foreign investment policy. Its loans must in the end be paid for by goods, some of which will finally, despite our present tariff barriers, come into competition with the products of our workers. Already we are getting, among many other things from abroad, electric light bulbs from Austria and egg powder from China. Naturally the people who make the loans, and those who have machines and materials to sell to those who have borrowed the money, are moving to take down our tariff barriers. Nevertheless our government pushes the movement for foreign investment and our

papers tell us that it will pile up wealth here as it did in Great Britain before the war, being ignorant of the fact that British Liberals, seeing the nemesis of foreign competition, are now moving to limit foreign investment and apply capital constructively at home. For the nations already industrialized to help the others get the possible benefits of the machine by a method of mutual exchange, so that the natural increment of such coöperation would be shared, would raise the standard of living on both sides. To attempt this under the competitive method, requiring a two-way profit, can raise the workers only a little in the debtor countries, and their competition then operates to push down their fellows in the creditor nations.

In the distribution of ownership we are assured that more progress is being made. We have recently been told on the highest authority that we are all capitalists by nature, and the government—meaning really the party of the speaker—intends to make us all capitalists in fact. What we may be by grace was not mentioned. There has been found an industrial magnate to say that every worker should be an owner and every owner a worker, though when that is said by a preacher or professor it is ground for putting his name on one of the innumerable blacklists that adorn our contemporary record. An English authority, after examining all the profit-sharing schemes of that country, finds that they offer no solution of the problem of industrial conflict unless the sharing is carried on to include both control and ownership. In our country Professor Carver informs us that this solution is in sight, that an economic revolution is in process

by the distribution of stock-ownership throughout the population, and especially to employees. But when the statisticians examine this revolution they find it as remote as the one with which the attorney general just after the war frightened the country into toleration and support of his illegal policies and acts of repression. The figures show that less than twenty-five per cent of our corporations have employee stock-ownership, that less than two per cent of the stock of our industrial corporations is owned by employees; that in the biggest industries, between 1918 and 1925, there was an increase in the number of stockholders of almost two and a half million, but less than three hundred and fifty thousand of these were employees.

Moreover, as Professor Carver's colleague has pointed out with much detail, this distribution of stock-ownership involves no voice in the making of policies, but on the contrary it enables small cliques of manipulators to concentrate the control—which is the essence of ownership and its supposed ethical justification. The latest study of this situation shows that the decline in the concentration of income and stock-ownership which started in 1917 was the product of temporary conditions which definitely reversed itself in 1922, so that by 1924 the concentration was almost back to the pre-war level and became complete in 1925-26. The farmers' and wage-earners' share of the national income is again declining; that of the rest of us increasing. The available statistical evidence therefore indicates that the trend toward democratization of ownership and income of the war

days was a temporary and abnormal interlude in the steady concentration that had been going on since 1890 and still continues.

Furthermore, on the farm—the home of the original American capitalism which Professor Carver is defending—ownership has rapidly been giving way to tenantry and mortgages that take most of the equity. So our economic revolution turns out to be only one of those pious wishes which economists are supposed to leave with contempt to the preachers; the real movement in ownership, which Professor Ripley has documented, is in the contrary direction. What is still going on is concentration of economic power, not diffusion. There is no abdication in sight. Moreover if there were and, through the sale of securities of fictitious and inflated value, it carried with it an overhead charge on production like the rental of the Kaiser's estates that followed him into exile, what virtue would it have for the saving of our economic society?

What our newer capitalism shows us within its somewhat limited confines is a humanized attitude and policy in industrial conditions and relations. It is still business for profit, subject to the hazards of competition, but diluted with the humane idealism of Christianity. It is still a struggle for economic power, the adjustment of economic relations by the method of conflict, with all the risk that is thereby involved for the rest of human relations. If it succeeds in stabilizing itself, in checking the greed of the short-sighted and rapacious, in modifying the rigors of competition, the best that it has to offer us is a

benevolent autocracy—the counterpart of a humane slavery—surrendering none of its privileges. It will distribute comforts but not freedom; luxuries but not power. It still leaves us with a class-divided world in which inequality prevails and the development of personality is restricted. What chance is there that the modern man will be satisfied with such a world? What possibility is there that it can avoid the process of change by conflict? What right has a religion that is supposed to develop the ethic of Jesus to remain content with it?

The vision splendid of capitalism, with its endless flow of goods and its benevolent dictatorship of the successful money-makers, does not coincide with the Kingdom of Heaven on earth, or the Beloved Community, or any other of the visions recorded in the *Story of Utopias*. The fact that the perennial dream of man about a better world has always taken the same outline, that his effort after justice, freedom, and equality has been continuous, makes it unlikely that he will be perpetually satisfied with the modern bread and circuses as a substitute for his moral aspirations and desires. Nor does the record of its own past warrant the assumption that profit-making business can check the interference of self-interest with efficiency. A mountain of overhead capital charges drawing only small dividends may in the end be more disastrous to quality and cost of production than the large profits of the earlier money-makers.

Already at this point capitalistic industrialism begins to violate its own canon. Already the system of inheritance and the growth of nepotism in industry

slacken its capacity for getting ability to the top. This inhibition is increased by the limitation of educational opportunities. One sign of this is the rise of fees in colleges and universities. As a prominent professor has pointed out, the cry of "pay as you go in education" means taking trust funds that were given for the less fortunate and using them for the well-to-do, because fees will never rise to the full cost of education. Whatever may be the present temper of this comfort-loving population, just now doped and duped with propaganda, it is stretching optimism to the point of blindness and faith to the limit of credulity to believe that a people with the stimulus of our educational system and equalitarian ideal behind them, and before them the example of changes going on in Britain and in Canada—to say nothing of Russia—will remain inert in the midst of the increasing inability of our present economic process to supply either goods or moral values in sufficient quantity.

As long as the seeds of conflict remain, as long as the method of struggle for power is unchanged, the plea of the newer capitalism that it is able to reform itself is irrelevant. It meets neither the practical need nor the ethical demand of religion. Even if the reform movement among capitalists could become universal, it still could not meet the situation. The incapacity lies in the nature of the competitive profit process, not in its forms. Therefore reform, like patriotism and philanthropy, is not enough. The question, then, is not whether capitalism can reform, but whether it can transform itself, and the effort to

reform—unless it leads to a recognition of this fact—will prove to be only an evasion of the issue.

The necessary enlightenment is delayed by the fact that among those who sense the difference in nature between our economic institutions and the ethic of Jesus there persists the illusion of inevitable evolution. This was the situation here in regard to war before 1914. Most of those who knew the antithesis between war and both the ethic of Jesus and the future of civilization rested in the comfortable assumption that the world would peacefully evolve away from strife. Despite the rude awakening from that slumber, a similar illusion remains concerning the economic life. This theory of inevitable evolution, added to what remains of the nineteenth-century theory of automatic harmony resulting from the conflict of self-interests, operates to drug the minds and consciences that should be at work to accomplish change. To what extent an evolutionary transformation of the present economic order is possible may be judged somewhat from the measures of repression which the Tories of Great Britain are throwing around the peaceful parliamentary program of the Labor Party; also from the fact that after a political revolution in Germany a Socialist government could not confiscate the estates of the Kaiser.

Those who comfort themselves in the face of the ominous signs of decay in Western society with the assurance of gradual and peaceful evolution are the victims of a double error. They are assuming that evolution in human society is as involuntary as it is in the animal world, that there is no power of choice

between truth and error, right and wrong, disaster or continuity. Also they are assuming an antithesis between evolution and revolution, whereas in human affairs evolution is an inclusive category which at times makes use of the method of revolution. The point is that in both the animal and human world evolution is not satisfied with a mere change in form; it goes on to accomplish also a change in nature. Then it takes on the character of conversion, which is the concrete fact behind the doctrine of redemption.

This phenomenon, strangely neglected by students of human society, may occur gradually for individuals by education, or it may come suddenly by shock. By either method the change is equally revolutionary. In society also a revolutionary change may occur either way. The altered habits due to the power machine, the train, the automobile, the telephone, the radio are a gradual and peaceful adaptation. Those due to the attempt to abolish the liquor traffic are more rapid and violent. The point usually overlooked is that revolutionary change is a part of the evolutionary process as a whole. Those who think there is sufficient evidence of a revolutionary change in the structure and nature of the anthropoid ape set that down as a part of the whole process of evolution in the animal and human world. So the historian views the French Revolution, or the Russian, as a part of the development of Western society, and indeed of mankind in general.

Yet for those who take this larger, longer view to then conclude, as does the editor of the *Hibbert Journal* in his latest book, that the critics of Western

society are mere prophets of evil is unjustified. His contention that the important thing about society is not its sickness but its capacity for health is akin to the final refuge of those sociologists who, in face of the mounting evidence of decadence in modern life, fall back on the urge to live in human society. In so far as the continuance of human organization is concerned, this is a matter of faith, a similar faith to that of the righteous that God will not desert His people, that the universe is on the side of truth and righteousness. Without some faith of this sort it is hard to discover a reason for enduring life. Certainly there is none for trying to improve it. But this very faith may become a means for making destruction certain, if it leads to folded hands and slack wills in the face of threatening disaster that is avoidable by intelligent and courageous action. The power to criticize, as Dr. Jacks contends, does involve the power to create. But they are not always exercised together, and an abundance of self-criticism is usually a sign of age and approaching change in a social order. Also in certain situations the chance to create depends upon the capacity to destroy. Life comes by way of death.

The real point is that society may manage to carry on even though particular forms of it pass. To attempt to refute the critics of Western society on this ground is to commit the fallacy of the universal. Russia is carrying on but the Russian society of prewar days is gone forever. If the England of tomorrow should be governed not by the university men with whom Dr. Jacks associates but by working men, the fact that society has managed to continue would

possibly not give as much comfort to his type as the prospect apparently does—certainly not if those working men should turn out to be Communists. The critics with whom the defenders of our mode of life have to reckon are not those like Spengler, who are indicting Western society as a whole, but those who are analyzing the record of the capitalistic industrialism that now rules the West. These writers cannot be met by any mystic faith in the general capacity of the organic life of man to continue, but only on the ground of the facts. The question is where do they show the balance to be.

If the nature of capitalism is a struggle for power, issuing in the establishment of injustice and inequality, then it not only invites but compels conflict to adjust the wrongs it produces and maintains. An economic society which is established through the conquest of power, which gives the victors property privilege and the law to defend it, is starting again the old historic cycle of revolution that was supposed to be ended by the establishment of democratic government. The only alternative is a change in its nature. Those who avoid this dilemma by proclaiming the certainty of evolutionary progress need to remember that in every period of decline the false prophets have been those who cried that all was well. Another thing that ought to be recalled is that Europe slid into the abyss of the World War apparently without effort or will. The war makers were few. But the statesmen who insisted on maintaining power politics and refused to recognize the nature of war, those who maintained that it was unavoidable, and

the whole company who believed that by gradual evolution the world would get away from it—these all contributed to the disaster, indeed were mainly responsible for it. The Western world now stands in the same situation in relation to the economic order. With intelligence and effort a gradual transformation of capitalistic industrialism could be accomplished. But it is an onerous undertaking. And it will never be seriously attempted as long as its critics are cried down as mere prophets of evil.

When we seek in this country for signs of any attempt to transform the nature of capitalistic industrialism, there comes to view first the attempts of the government to substitute some intelligent coördination for the chaotic anarchy of the early days of individualistic capitalism. From antagonism the government proceeds to coöperation with big business organization, on the theory that thus the public is to be benefited. The State Department assumes the power of vetoing foreign loans, in order to avoid dangerous complications from uncontrolled competition by investment bankers, and thereby contracts a moral obligation to see that the loans are collected. The Department of Commerce helps trade associations to standardize products and procedure, thereby accomplishing indirectly some of the things which the anti-trust legislation of the nineties sought to prevent. The plan is that abuses which were previously to be restricted by government fiat are now to be eliminated by business itself. The consumer is supposed to benefit ultimately through prevention of waste by unnecessary duplication, by avoidance of the

losses that come from restrained competition. But that the share of the public in the savings will be any larger than that which has come to it through the operation of a similar policy in the tariff and in dollar diplomacy, there is yet no evidence to show. Indeed, the recent tendency to inflate capital values in all kinds of business enterprise is bound in the end to make it less. In any event the crowd can get no more than the strength of its position in the competitive market as wage-earner and consumer enables it to take.

The essential nature of our economic behavior, as a struggle for money, has not been altered a whit by government attempts to check anarchic individualism, any more than it was by similar efforts to curb monopoly. As long as engineering technique accepts the conventional theory that successful profit enterprise benefits all, when it operates through the government to bring order into the competitive business chaos, naturally the first thing it does is to make profits more secure and therefore larger in total. And in the end it will find that this is the main thing it has accomplished. In the days of its decline, competitive profit-seeking is using the state to strengthen itself, thus completely denying its original doctrine of self-help. "When the devil was sick, the devil a monk would be."

The most conspicuous example of the attempt to coördinate and moderate the activities of money-making is the Federal Reserve System. Designed to prevent the concentration of money and credit in one or two centers, it has demonstrated the ability to

moderate the business cycle and so far to prevent panic. This has been done by preventing the undue expansion of credit through control of the rediscount rate. But the recent lunatic aberrations of the stock market in the face of its efforts, as well as against all the supposedly reliable economic signs and omens, is sufficient to raise some doubt as to its ability to control finally or effectively the spirit of greed that competitive profit-seeking continually incites. What it did to the farmer in post-war deflation is a scandal, and on top of the story of attempted regulation of public utilities gives evidence sufficient that any attempted coördination of business enterprise by government which leaves the profit method intact will not be social control, but simply a class instrument used by the successful. Indeed, under the theory of money-making economics the government must be so used. Does not the rest of the population get its sustenance by maintaining the position and profits of the efficient money-makers? As long as this view dominates those who administer government, there is no prospect of changing the menacing characteristics in the nature of capitalistic industrialism through that agency.

There remains one other tendency to assess. The one hope at which Keynes grasps in summing up his comparison between laissez-faire and Communism is the possibility of the great trusts becoming socialized. By that, being desirous of maintaining the essentials of the capitalist system, he means that their ownership shall be widely distributed, their dividends kept down to a low rate, and the utmost technical efficiency

developed, so that prices can be at their lowest. Such trusts he thinks would be social benefactors. It is significant that Stuart Chase, searching American industry for recent gains and finding no contribution from the financial enterprise that has been superimposed upon the technical industrial structure, also comforts himself with the possibility that the great trusts may become less predatory, then weaker, and so ripe for public ownership. On this thesis that the trust provides the preliminary form and technique for state industry, the moderate, "revisionist" Socialist makes his plans. His economic determinism is optimistic where that of Marx was drenched with pessimism; he proposes to use parliamentarism whereas the Communists would destroy it. The dividing question is whether public ownership means owners' control by all citizens or only by those who can buy government bonds. If the socialized trusts are to be owned by only a part of the population for whom the rest would be working, the problem of inequality between classes is left unsolved. This whole approach reckons with only one part of the capitalist structure —its lack of plan. It would remedy its individualism but not its capitalism. It would replace planlessness with economic law and order, but would still leave a condition in which some have a chance at health and culture and leisure which the others are denied.

The rock on which the scheme of socialized trusts splits, either under capitalism or under partial state Socialism, is the question of existing capital charges. If these are to be maintained, what becomes of the possibility of technical efficiency? If this sacred

mountain of overhead must have its tribute before technical efficiency is free to serve directly the public interest, what progress can be made in reducing the cost of goods and services and extending the benefits of applied science? This question also involves the issue of what is to happen to the investing class, which becomes inevitably a leisure class. Is it to be transformed, abolished, or maintained? The reformation movement in capitalism has not yet faced this issue, not even in England. There the new Liberalism has frankly adopted some of the main features of the Socialist program. It is willing to limit the return on invested capital in routine industries to mere interest, demands a national economic council for planning and control, wants foreign investments limited and more money used at home, but it cannot yet get away from the caste system inherited from feudalism and intrenched in custom and law, sanctified by church and social tradition. There will still be a leisure class and a working class; there will still be gentlemen and common people. The ideas and ideals that go with a land-owning aristocracy still remain, just as they grow among us despite our early equalitarianism.

What, then, is to be done with the people who believe themselves superior to others because they possess money and leisure and what they think is culture, though by any test of intelligence or social efficiency many of them would be ranked as practically worthless?. In a scientific industrial period, a leisure class is an anomaly, a dangerous appendix, a constant possible cause of disease. In a land-owning era its only possible economic task was management, and its surplus

members then went into government service, the professions, and the church, or wasted themselves and contaminated society with riotous living. In an industrial age, with its unmeasured possibilities of raising the standard of living for all the people, there is demand for all possible brains for the tasks of economic and social improvement. Applied science calls for more and more workers—in production, distribution, consumption, and in every aspect of social organization—in order that man may meet the challenge of the machine by matching its powers with his services and thus develop his life to full capacity in all its parts. So, when it makes socially useful labor the condition of citizenship, Russia has the logic as well as the technique of an industrial age. If the machine is to serve man to the full, it cannot support any leisure class as the land did.

The crux of the question, then, for those who would reform capitalism is what is to happen to the present investors? Are they to be dispossessed or is everybody to be admitted to their class, in which case the process cancels out and all participate in the national income on equal terms. This is what an American business man has in effect proposed. He would make a great corporation to hold the nation's industries. In it every citizen would ipso facto be stockholder. Capital for extension would be withheld from earnings before dividends were paid, as is now the practice of some corporations. Thus a form of Communism would be reached by business methods instead of by civil war.

Something like this is the hope of all the parliamen-

tary Socialists of Europe who are opposed to the Russian method and reject the dogma of the inevitable revolution by force. It is evidently in this direction that liberals of this country who stop to analyze the nature of the capitalist system are going to move. It is a road suitable to the two somewhat contradictory bents of American democracy, which has been both individualistic and equalitarian. If this way were pursued with sufficient intelligence and vigor, capitalism might be transformed without a catastrophe. But that course requires two things. One is an awareness of the disastrous nature of the spirit of money-making, upon which our present economy depends for its dynamic. Such an attitude is what religion calls a conviction of sin, and to be of any value it must be strong enough to compel change.

Most of the trained observers who have recently been in Russia find the most remarkable thing there to be a different attitude than the rest of the modern world has concerning the place and power of money in life. They call it a new religion, and so far it has been potent enough to sustain a big deficit in industrial technique. Here we have enough of the latter to make a new world. But it remains ineffective for lack of a motivation that can release the forces now imprisoned and utilized for useless and degrading purposes by the spirit of money-making. Such a change would indeed be religious and it is required by the ethic of Jesus, which calls on man to put the spirit above the flesh, the future above the present, others before self, the many before the few. Therefore his followers should reject entirely the money

motive which has brought the acquisitive society to its present pass, and put in its place the desire to create and to share. It is this revolutionary change in attitudes and value judgments which must come about if the technical means which capitalism has helped to create are to be used to transform it, by the educational process, into a nobler form of society. And this conjunction of conviction of the nature of the change required and vision of the possibility of its accomplishment by scientific means must come before catastrophe gets too near, if education is to win the race. That process will not get into its stride until it ceases to trust to automatic social evolution, quits being afraid of emotional dynamic, and realizes that conviction of sin and conversion can be a part of the educational process.

The other requirement for the gradual transformation of capitalism into a more rational and ethical form of economic behavior is a willingness on the part of the present investing class to yield power and privilege. The alternative to dispossession is renunciation. At this point American capitalism seems bent on revealing itself in accordance with the diagnosis of the Marxians. It seems determined to drive to the hilt their thesis that no privileged class ever has or ever will yield power without a desperate struggle. The prestige that our acquisitive society puts around property and the habits it maintains makes the giving of it up almost impossible. To fall a rung in the social ladder through loss of income is generally to advertise incompetency and to incur contempt. The idea that income reveals superiority and the fact that it does

provide the way to health and culture lead naturally to the determination to hang on to it at all costs. Who will consent to see his children dispossessed to give those of the negro or the foreigner an equal chance? Let those who will not send theirs to the same schools with these others make answer!

So the capitalist state inevitably develops repression against all proposals of economic change that threaten dispossession or move toward even that equality of opportunity which was the one-time boast of democracy, and whose inadequacy has just been the butt of Shaw's wit. Whatever the saying of Professor Carver may mean, that capitalism arises wherever force is absent, there is no doubt that it cannot now maintain itself without force. The Emergency Act in Great Britain, sedition and criminal syndicalism statutes in thirty-four of our States, municipal ordinances to provide, and the stretching of obsolete laws by the courts to sustain arbitrary control of meetings, habitual disregard of the constitutional guarantees of free speech and assemblage by administrative officials and police officers, is the recent record. This repression of civil liberties has behind it several forces, but that the fear of economic change predominates is demonstrated by the fact that it has been applied mostly in the area of industrial conflict and against radical economic ideas.

Those who rely upon the democratic state as the instrument for the transformation of economic society neglect its use by capitalism to preserve its structure. Our Supreme Court has recently upheld every State law limiting our guaranteed free speech that has come

to it, and at the same time has thrown out almost every enactment of constructive social change as a confiscation of property rights without due process of law. Political absolutism had not the power to delay change that capitalistic industrialism inherently possesses. That form of control created its own destruction by providing the instruments of force for the revolt it inevitably created. Capitalism uses the courts not the army to achieve its will; indeed, one judge recently affirmed in deciding a case that one function of the courts was to defend capitalism, and another set down the solemn statement that the law and the constitution existed to protect life, liberty, and property, and the greatest of these was property, because the others depended upon it. Thus capitalistic industrialism makes of the habitual and necessary respect of a free people for law as the protection of freedom a weapon to take away their ancient liberties. It persuades those who otherwise would prevent this destruction of freedom to endure it for the sake of property rights which they may some day need to have protected. Thus it operates to corrupt those who might save it and postpones the day of change to the bitter awakening of the disillusionment that comes too late for anything but destructive action. Individual capitalists have set some intellectuals free to seek the path of constructive social change, but in its normal workings, by its gift of creature comforts and educational opportunity—with the promise of more to come—the capitalist economy harnesses the workers of brain to the triumphant chariot of money-

making, and thus uses up their capacity for transforming its works and ways.

When this fact is added to the decline in productive and distributive efficiency of the competitive profit-seeking method, and there is also put into the account the failure of its basic philosophy to either describe the facts before it or satisfy the moral aspirations of mankind, it should be apparent that capitalistic industrialism does not possess the capacity to transform itself into a just and fraternal economic society. Its economic virtues are not sufficient for this purpose and it uses them in the other direction. Its basic ideas also move in the other way. Their adoption was equivalent to writing over its birthplace, "Whom the Gods would destroy they first make mad." Our present economic morality leads toward death, not life. It has no power of healing for the sickness of the acquisitive society. The vital urge is elsewhere. It is contained in a different body of ideas and ideals which are held in trust jointly by science and religion. The question, then, is whether these forces can coöperate to work out an ethical control of our economic affairs.

CHAPTER VIII

Making the Future

The final test of any institution is not what it does to make the present bearable but what it contributes to make the future possible. But here capitalistic industrialism is disqualified at the outset. It is debarred from making the future not only because it is committed to the disastrous method of conflict, not merely because it makes men short-sighted by engrossing them in the pursuit of profit, but because its basic assumption is that an ordered economic society is both impossible and unnecessary. How, then, is the inevitable next step in economic development to be effected? The world cannot stay still despite the efforts of those who have conquered power to hold it in its present place. The signs multiply that the times are ripe and rotten ripe for change. The Russian revolution will have its children as did the French. While capitalism is temporarily stabilized in Europe by the aid of our finance, its foundations are beginning to break up. The old order of the Orient is almost gone. In this country alone is there stagnation, but even here criticism begins; and the failure of the price and profit system to supply those goods

with which it has tried to buy his soul will soon be apparent to the wayfaring man.

By what process, then, and in what direction, is change to be effected? The dread of Communism, the frantic efforts at its repression, show how urgent the question is. But the issue is infinitely larger than the problem of method. Behind that is the further question of whether the future is to be made by man or whether in it he is once again to be the blind sport of circumstance. Is he now to control his environment, or once again must he be unconsciously adapted to it? Is all his knowledge of the past, his comprehension of world-wide present experience, his ability through the method of science to forecast the results of processes, to have any fruit? Is he consciously to make the world in which his children are to live, or are they once again to be the victims of their ignorance and passion? What part has religion in the answer to this question—and particularly a religion informed by the ethic of Jesus, which is the authority of the emancipating ideal as well as of the binding past, which speaks of what ought to be as well as of what was, which asks man to create the future not merely to obey what went before.

At this point religion stands face to face with the doctrine of economic determinism which so far it has almost entirely ignored. In its original form this thesis was laid down by Marx and Engels in the Communist manifesto, "In every historical epoch the prevailing mode of economic production and exchange and the social organization resulting is the basis on which are built up and explained the political, moral

and religious history." This statement, variously interpreted, has been a fighting watchword of the Marxians of all schools. In its more general form as a key to the interpretation of history, it has been widely accepted and used by orthodox economists. Under its impetus, students of political science and historians who specialized in the field of government have traced the influence of the economic factor in the formation and development of the state, notably Oppenheim and Loria in Europe. In addition to his special researches into the formation of the constitution, our own historian Beard has made a classic statement of the relation between economics and politics. Strange to say, the most orthodox defenders of the present economic order unconsciously assume the position of their hated enemies—the Socialists—when they contend that our religious ideals must yield to the practical exigencies of economic necessity, as they conceive it.

On the basis of this doctrine there have been fashioned various hypotheses concerning the way into the next stage in the life of human society. The early Marxians believed that the breakdown of capitalism, the increasing misery it brought to the masses, would lead to desperate revolution. The Revisionists, shrinking from this outcome, trusting the parliamentary process and seeing less economic privation than the prophecy foretold, came to hold that the technique of industrialism would compel such adaptation of institutions as would mean a new society, the trusts forcing a coördinated national economy, a world market necessitating world planning. But the

Leninists—popularly called Communists—are less fatalistic than either the early Marxians or the Revisionists. True to the faith they hold that the class struggle is inevitable in the nature of capitalism, they insist that power will not be given up but must be taken. Hence they propose to train a revolutionary working class to capture power and use it relentlessly to fashion a new society based on different economic institutions. This point of view has been set forth with rare brilliance by Trotsky in his little book, *In Defense of Terrorism.*

Here is a body of doctrine which is coming to play as powerful a part in the lives of millions as the beliefs of Christianity have played, and there is a certain correspondence between the two. To millions of the proletariat the coming revolution is what the second coming of Christ was to the early Christians, and heaven to their successors. Its effect in the associated life of man is similar to that played by the conversion of the individual at the rise of evangelical Christianity. It is to accomplish no mere alteration in the form of human living, but a deep change in its nature. It is the transforming event. Its violence is the purging of the body politic, to which official Christianity has at times committed itself—also in the name of righteousness and justice. Its providence is the inexorable power of economic institutions over the rest of society, but these are to be controlled by man. Thus he is to achieve that mastery of his environment and nature which science—which is indeed the "New Messiah" of the Communists—has made possible for him.

Here clearly is the opposite of the idea of the gradual and automatic perfecting of human society, the inevitable overcoming of its ills by its basic capacity for health, which some of our comfortable, liberal religionists have assumed to be the outworking of an immanent God, thereby lying down in the same bed with those who have been trying to fashion a God out of the devil of greed by working the hypothesis of automatic harmony between self-interest and the common good. Manifestly the Communist doctrine of economic determinism, and the use proposed to be made of it, has more likeness to that type of evangelical religion which required the transformation of life by the power of the Eternal Spirit working in and through those who were also working out their own salvation. What, then, is its challenge to a religion that seeks now to develop the ethic of Jesus as the guide and inspiration of human living, that trusts itself to the educational process?

There is now available in Laski's *Communism* a brief, clear, and objective exposition of the doctrine of economic determinism as it is held by the Marxians, to which it would be superfluous to add anything except to emphasize two main points which have been continuously misrepresented by many Socialists and misunderstood by most religionists. This doctrine does not mean that life is and must be controlled by economic selfishness. Too many followers of Marx have unnecessarily allowed themselves to take over the intelligent self-interest thesis of the capitalists. In their zeal to oppose a mere sentimental idealism, with its vague talk of service and sacrifice, they pur-

sue the argument to a reductio ad absurdum by claiming that service to the common weal—including martyrdom—is done only because it gives the greatest satisfaction. Therefore selfishness is after all the ruling force. This puts in reverse gear the point that Niebuhr has stressed as the paradox of Christianity—self-realization through sacrifice.

What the Marxians are mainly after, however, is to justify their contention that the exploited class should follow its conscious self-interest and be as hard-boiled as the typical capitalists. The originators of the doctrine of economic determinism—Marx and Engels—were interested in it only as a basis for their thesis that history is a succession of class struggles created by economic necessity. But there is no certainty that a class any more than an individual will always follow its own economic self-interest. The capacity to commit suicide, like the ability to sacrifice for others, is one of the essential characteristics that makes life what it is. Business has held on to long hours after they were demonstrably unprofitable. What did the farmers get out of voting for Coolidge? Obviously classes, as well as individuals, are capable of seriously misinterpreting their self-interest, especially if they have developed the peculiar short-sightedness that comes from pursuing the next dollar. Moreover even in the long run, groups like persons may and do under emotional pressure disregard their economic interest entirely. A proud nation if insulted far enough will fight, though it knows that fighting means disastrous defeat. It is time for the idea of the infallibility of self-interest—in its Socialist

as well as its Capitalistic form—to go to the museum with the other infallibilities.

The other point at which the meaning and value of economic determinism has become obscured is in confusing it with the materialistic interpretation of history. In his book by that title, Bukharin of the Soviet Government—perhaps the leading Communist dialectician—lays down several basic propositions. The broadest of them is that the material production and needs of man are the foundation of society; and again: "The spiritual life of society depends upon the material production of society." Obviously; but the proposition is equally true when stated the other way round. The material production of society—in amount and kind—depends upon its spiritual life, upon its morale and its coöperative capacity. There is interdependence; neither spiritual life nor material production is cause alone; each operates constantly as both cause and effect.

A similar proposition is that "the mental life of society is a function of the forces of production." But what are the forces of production apart from the mental life? When tools once appear—and before them there are no forces of production—their use and the development of the mind is inseparable, this interdependence coming to a climax when science becomes one of the forces of production. Again it would prove just as much to say that the forces of production are a function of the mental life.

What is back of these somewhat vague theses appears from the further statement that the materialistic view is proved because society is the broadest

system of the interactions of people based on labor relations. The argument is that the labor structure of society corresponds to the body of the individual and its culture corresponds to his mind, since they both transfer energy from nature to man. Here is evidently the old assumption that the body is matter and the mind something else, so the labor structure of society which is compared to the body is likewise assumed to be materialistic in this sense. Thus the point is made that the situation of machines in a factory determines the thought and feeling of the worker. Substitute the term economic process for labor structure of society, and the underlying fallacy appears. The economic is assumed to be equivalent to the materialistic, and matter like nature is assumed to be something inert. Apparently the fact of atomic energy and its meaning have not been grasped. Metaphysics are here confusing science as in the argument between mechanism and vitalism. So at this late date nature becomes again the unknown god, and the machine is made into an idol with magic power.

As a matter of fact, both labor relations in particular and economic institutions in general are far from materialistic in the sense in which that word is used in this discussion. They are essentially different from the machines in the factory which are alleged to control thought and feeling. Who put the machines where they are, thus giving whatever power of control their location possesses? Obviously the effect of their arrangement upon the thought and feelings of the workers is something other in a Soviet factory than it is in most American plants. In reality none

knows better than the Russian Communists that the machine has power for good and evil only as man gives it by his use. If their metaphysics pushed to the extreme would land them in the camp of the romanticists who are sighing for the return of handicraft, it must be remembered that in their industrial practice they idolize and imitate the technique of Henry Ford.

The labor structure, the forces of production, and economic institutions are ideas, ideals, sentiments, as well as machines and goods. Each affects the other, as Marx and Engels admitted. The structure of society limits its idealogy; its ideas and ideals constantly affect its structure. In and through all of them runs the will of man, the power to achieve and change. It is the revolutionists who are making the new Russia, not the machines in the factories; they are but its instruments. It is the revolutionary intelligence, seeking to understand the possibility and menace of the machine, to know and to use its limiting capacities, controlled by it at points but finally controlling, that has dared to attempt finally to master the capacities of both man and nature. It is the revolutionary will, daring and suffering beyond hope and endurance, permitting neither past nor present to check its advance, that has wrought a work in Russia in the past decade which, whatever its final value, will stand as one of the titanic expressions of human energy.

The antithesis between the material and the mental that runs through Bukharin's exposition apparently carries over something from the old theological antagonism between the natural and the supernatural,

and it works a similar havoc in human thinking. Our economic institutions are the coöperation of man with nature in which each is at times controlled and limited. The machine itself is a similar union, at times inert and then alive with intelligence, now driving man and now being driven. The idea that man's mind and will are under control by some force apart from himself is a strange fantasy to be possessing men who deify science. It is unwarranted fatalism, another example of the ineradicable tendency of man to fall back upon some power not himself, to place elsewhere the burden and the bitterness of the struggle for his salvation. The Calvinist relies upon an over-ruling providence, the Catholic upon Holy Church, the Communist upon economic predestinarianism; he literally finds God in the machine. Yet when we turn from metaphysics to fact we get another example of the contradictory elements in this creature man; we find a most powerful expression of the human will accentuated by the very fatalism of the philosophy, using and mastering the force it claims to be driven by. So the Calvinist turned his God, and the Romanist his church, to his own ends, as the Communist does the machine and the economic structure of society. And it is certain that whatever part he plays in making the future will be in spite of, rather than because of, the fatalistic element in his philosophy. Fatalists endure well the world of today, but they do not make the world of tomorrow.

The contribution of those who formulated the doctrine of economic determinism has been to show us the key to the future of human society. They have

left with us the question of how it can be used. Past generations have gone their way, driven by economic destiny, the reason for their fate unknown to them. What is now to happen to those who have eaten of the tree of knowledge? Since the rest of the structure of society depends upon its economic institutions, how and to what end shall these be mastered? This is now the supreme challenge to the human will, to the intelligence and conscience of man. The answer to this challenge is not to be found in dogma; it comes only by analysis. At just what points do economic conditions limit life, and how can those limitations be removed? When the extent of economic determinism is established, then the intelligent and ethical control of economic activities becomes possible. If the present set of economic ideas is holding back both productive efficiency and an ethical religion, then a change of ideas should liberate both forces. According to our current educational theory, ideas are made by concrete situations. But they then go on to make such situations and become a part of them. If enough people could in time get their ideas about property changed, they would make such changes in the forms of property as would avoid destructive consequences.

Apart from studies of the effect of the economic situation upon government, there has yet been no adequate factual analysis of the manner and extent to which the economic process conditions the rest of human behavior, of the limits which it puts to man's intelligence and aspiration. Yet some main facts lie on the surface to be seen at a glance. There is the limiting effect of climate. The amount and kind of

culture among any people depends upon the amount and kind of the necessary economic means and the state of the industrial arts. These in turn rest back upon the relation of climate to human energy. The South Sea islanders and the Eskimos do not on their own initiative develop universities. The one apparently lacks the energy, the other the economic base. The transmuting activity of chlorophyll is limited in the Polar regions. Yet man manages to lessen these geographic limitations by his development of the means of communication. The radio now operates in the Arctic regions and universities push far north in Alaska. But this last conquest of nature is possible only as the economic surplus of the more favored temperate regions is used for the development of those who live in more difficult climates. This is what missions propose, while pure unadulterated capitalism proceeds to use even the scanty economic resources of those harder climates to increase its own comfort, luxuries, and power. Capitalists who are trying to be Christian are often inconsistently pursuing both methods and seeking both ends at the same time. One of our most high-minded banks announces in its last annual report that its East Indian branch has made one hundred per cent net profit.

The point has an application within the regions of economic surplus. It is as true for the individual as for the community that the pursuit of culture requires increasing economic means. Education becomes more and more expensive. The more scientific it is—and the broader—the more it costs. To the high cost of equipment there is added the necessity

of sufficient release from necessary economic toil. High thinking requires not only plain living, but also a degree of economic security. On the poverty line the mind does not grow. In certain sections of our society, just as for the Chinese coolie, life is too hard to allow energy for the development of the mind, too poor to provide the cost of an education. The provision of higher education at low cost, first by religion and then by the state, is a recognition of this economic limitation on culture and an attempt to remove it. It will not be denied that the problem is unsolved by these means. Not until we produce sufficient economic surplus to develop the capacities of every person, not until that surplus is available for the development of every person who wishes to be developed—as a matter of right, not charity—will the goal of our American educational philosophy have been reached. And this can never be done if the main use of our educational equipment is to be the exploitation of nature and man for profit, for that way both nature and man are exhausted. But nature may turn out to be continuously improvable—as man is—if the aim of those who use her resources is improvement, not enjoyment. Then the high costs of universal culture can be found.

It is a half-conscious recognition of this contradiction between our religious idealism, conjoined with our democratic political philosophy, and the economic determinism by which the slum of city or countryside produces under-nourished, under-developed lives, that is behind the modern program of social work. Social workers are seeking to restore that opportunity for

health of body, mind, and spirit which the limitations of an economic environment have denied. In like manner, when modern evangelical religion having joined to its desire for the conversion of men a determination to secure the development of personality then added to its program an attack on the causes of poverty, disease, and crime, it recognized and set out to undo the deterministic barriers which our present economic procedure is setting around millions of lives. By the factual road, pursuing its original interest in individuals, liberal evangelical Christianity is brought face to face with the problem formulated in the thesis of economic determinism; it discovers that the economic order must be controlled by the will and directed by the intelligence and conscience if the values and possibilities of personality are to be realized.

Of course the spread of culture and the development of personality depend upon the factor of population. Both the older and the newer Malthusians have a vital point. There is a fixed ratio between population and economic means. There is a limit to the number of lives that can be supported under the most advanced agricultural and industrial technique. The limit is neither where the original nor the new Malthusians have put it, both of them too fearful for their own class. But it is a truism that the higher the quality of human living, the greater its cost, and the fewer the lives that can be supported. Therefore its own program for the development of personality requires religion to face the necessity for the limitation of population and to decide upon the most ethical method for its accomplishment. When man does

that, then the limit which the natural resources of this planet sets to the race becomes the stimulus not the paralysis of his will and intelligence. Controlling himself at the point of reproduction, he thereby controls nature and uses her limitations to secure his own largest freedom.

When we look for current manifestations of the influence of the economic factor over the rest of our activities, the part that it is playing in our political drama is too plain to be missed. Those who object to the function that Beard has assigned to economic self-interest in the making of the constitution cannot ignore nor deny the part it has had in the recent interpretation of that document by the Supreme Court. Why does the tariff protected East oppose so vehemently the use of the same principle to give financial aid to the farmers of the West? Why did the politicians twice pass a bill to this end and a President nurtured and trained in sectional, self-interest economics twice veto it? Why is so much money now spent in elections? When the country permits—in spite of a statute forbidding it—one of the richest business men in the country to be made secretary of the treasury, naturally it gets a tax policy based on the belief that the prosperity of the country depends upon treating large incomes as tenderly as possible. A farmer secretary of the treasury would almost certainly do the opposite. Is our foreign policy unaffected by the fact that we are now a creditor instead of a debtor nation? What has caused the change in the attitude of Congress toward Philippine independence?

The economic influence is to be seen just as plainly in alterations in the structure and basic ideas of government. Concentration of ownership is paralleled by concentration of governmental powers. The trusts and federalism grow side by side. Autocracy in industry is accompanied by a similar spirit among public officials. In company-controlled towns, petty elected officials are just as tyrranical in their dealings with free sovereign citizens as company officials are with dependent wage-earners. When economic freedom has gone political liberty turns out to be only a name. When ownership was widely distributed the courts did not, as now they increasingly do, hold civil liberties less important than property rights; administrative officials were not, as they now generally are, more careful to preserve order than liberty. Naturally and inevitably a concentrated ownership system uses the government all it can to prevent the people from making changes in property. There is no question that the political ideas of the United States have changed and are changing since the trusts and mergers arose and millionaires became plentiful. Where is the advocacy of equality that animated the Jeffersonian days? What recognition is there for the truth expressed by Lincoln that the people have the revolutionary right to overthrow their government if they cannot change it by other means?

One of the clearest cases of the influence of economic forces on other social institutions is to be seen in the effect of the economic independence of women upon sex relations, marriage, and divorce. Allied with this is the change in the form of the home occasioned

by industrial and urban conditions. Allowing for all the other factors that are breaking up old habits, customs, traditions, and attitudes—especially the education of women and her acquisition of citizenship—there is none that quite so certainly determines the end of man's dictatorship in sex relations and sex morality as the ability of woman to get her own livelihood. Whatever the future form of the basic institutions of sex, it is certain that woman will have an equal voice and claim in shaping them; and this has not been true since her labor was of equal value with that of man in early agriculture and industry.

There is yet no adequate study of the influence of the economic factor upon religion. Only one part of the ground that Max Weber has plowed—which includes all the great living religions—has been traversed by students in the English-speaking world, namely, his analysis of the interaction between Protestantism and Capitalism. And there considerably more can be said about the effect of a money-making and money-dominated society upon religious doctrines, particularly in the proclamation of a crude, purchasable salvation and the assumption that the acceptance of this by individuals would automatically accomplish the regeneration of society. In this country there lie open to view certain influences of the economic structure upon religious forms. The federation and amalgamation of religious bodies to avoid the waste of competition followed a similar movement in industry. The demand for business efficiency in religious administration, like the concurrent slogan in government, is plainly the voice of the

business world. The over-capitalization of land and business enterprise has been followed by a similar inflation in the finances of religion. What is commercialized evangelism but profit-making with modern advertising methods applied in or on the fringe of religion? Class-limited churches in both suburb and slum, in wealthy resident district and factory region, with men of different degrees of ability and training in charge of them, follow the economic division of the population. And in them a different type of gospel is preached—with some exceptions. One supports the strike, the other does not. One wants social change, the other is for the status quo. In large areas of the ministry, ranking and promotion are spoken of in terms of salary very much as they are in a big corporation.

So in the pulpit the gospel of equality finally yields to those distinctions rooting in economic differences which early Christianity was exhorted to keep out of the pew. A perfect example of this is the utterances of Dean Inge on the future of society and particularly the place of labor in it. His summum bonum seems to be the perpetuation of his own type or class. His writings on this topic are foreign to the gospels, typically Greek. Finally, profit-seeking business whose life is in salesmanship caricatures Jesus in the image of the Rotarians, and thinks it has done him a favor by giving him some free advertising and making him popular. Meanwhile hard-fisted exponents of the competitive struggle withdraw subscriptions from those religious institutions which aim to remove industrial inhumanities and seek the dismissal of those

preachers and professors who ask what kind of social order the ethic of Jesus demands. At the same time the academic defenders of money-making, echoed by its professional propagandists, tell those who seek to realize an ethical religion that their quest is impossible —a vain dream, a foolish desire. In the real world, they insist, man is actuated by selfishness and his life ordered by the struggle for economic power. Therefore the best we can hope for is that the victors shall be intelligent, humane, and generous.

In the face of this kind of a philosophy of life, it is perhaps another instance of the indirect consequences of the economic factor in religion that there should be more alarm among preachers over the atheism and metaphysical materialism of the Communists than there is over the denial by capitalism of the supremacy of the spirit in the life of man. Yet by this denial God is indeed ruled out of human society, or at least out of the economic sector—which increasingly occupies more of the whole. But since even a brief analysis of the present state of the money-seeking economy that rules the Western world makes plain the fraudulent nature of its claim to supply man with goods and services to the limit of his need, there is no excuse for the rest of life to surrender to its dictation. When it cannot make good in its own particular field, what right or title has competitive profit-seeking to take other human desires under its repressive authority? Moreover, it appears that the sources of the weakness of capitalistic industrialism are qualities which are the opposite of those conserved and stimulated by the ethic of Jesus. Yet it is in the name of

these very qualities that the propagandists for money-making reject the Sermon on the Mount as an impossible ideal!

Thus the beneficiaries of capitalism who desire it to continue are trusting for efficiency in the sources of inefficiency. Their own gods are destroying them. They have embodied selfishness in a system and enshrined it in a philosophy as the source of maximum production. But Jesus bade men to seek that justice and fellowship which was historically crystallized in the phrase, the Kingdom of God, asserting that then they would get necessary economic goods. The Western world must now choose between these two ways. With this choice before us, the one thing necessary is to understand that if we abandon the hard road toward brotherhood with equality, we surrender not to economic necessity, but once again to greed for power.

The misconception of the economic order as something apart from intelligence, conscience, and will, separate from ideas and ideals—the assumption that it is stomach not soul, matter not mind—has confused the discussion of economic determinism on both sides and hindered needed observation of the facts. It was begun by the orthodox economists, who in the name of objectivity tried to rule out the moral sentiments and so misread Adam Smith; it was continued by the dogmatic Socialists, who in bitter reaction to windy and futile idealism sought to abolish ideals and misrepresented both Marx and themselves. What we are facing when we confront the limitations imposed on life by economic necessity is not so much a conflict

between man and forces outside himself as it is a struggle between two aspects of his own nature. This decisive battle is in the warfare within himself in which lies the real tragedy of life—that philosophy has pondered, poetry reflected, and for whose ending religion has offered redemption in varied forms.

Economic necessity in any hard and fast sense holds only as far as the limitations set by geographic environment, as the development of man is a struggle between himself and the climate, the soil, and the sea. But in this stage of the control of nature by man, our problem is to remove those limitations to human development which are set by that part of the economic environment that is man made and therefore controllable. Man made the machine and there is nothing in its nature to prevent his using it for the ends he may choose, for the ennobling and not the degrading of human life. The Black Country was not necessary; garden cities are possible. Stokers in ocean liners do not have to go insane from heat and overwork. These things are required only because a profit economy operates to the advantage of some and the disadvantage of others. The issue is not whether the future shall be controlled by economic necessity, but whether it shall be dictated by an organization of life which makes money the goal and criterion of every effort. It is a question of the ideas and ideals by which the economic life is to be directed.

The very assertion of economic control, either in the Capitalist or Communist form, makes it plain that there can be no separation between the economic activities of man and his mental or moral or religious

life. In the nature of the case, they must interact. The philosopher or preacher may ignore the kitchen, but not the dining room. If they are only to think and talk, then there must be slaves or servants to supply the table. So far Plato was right. But there is also respectable educational theory for believing that the philosophers and preachers would think and talk better if they did not separate mental and manual activity. A leisure class will not for long be a cultured class, as a little acquaintance with its scions will make clear.

Plainly the economic institutions determine the main form of the other institutions of society, but it is equally clear that they are also affected by these others. Economic behavior may set the mold of the family, the church, and the state, but these are not without power to alter it at important points—as the social legislation of the past century based upon the determination to protect women and children will demonstrate. The labor structure of society does set certain conditions around its mental life, particularly to limit the extent of it. But the ideas that are developed by this very limitation then alter the labor structure of society, as the Communists are busy demonstrating. Physical needs and relations limit mental activities, and then the mind very quickly alters and removes these limitations. Man begins to control nature which has heretofore controlled him, and thereby acquires the means to control himself.

This possibility of social control or spiritual determinism—that is, the conscious direction of human society in the attempt to reach certain ends and

realize certain values—is the outcome of the knowledge of economic facts and forces. Its appearance above the horizon makes impossible and absurd the automatic harmony of laissez-faire, which then represents ignorance or laziness or is a cloak for the control of greed. The possibility of intelligent control of social organization, on which they themselves are acting with a vehemence seldom paralleled in history, also makes unreal the dilemma of the materialistic socialists. They are raising the old question of the freedom of the will which the philosophers threshed into straw long before the physiologists and the behaviorists took up the leavings, and none of the threshing crews has stopped to consider what science tells us concerning the nature of matter, which now turns out to be energy.

Thus the interaction of mind and matter that runs all through life—nowhere more visible than in the machine which has become the magic symbol of an alleged materialism that in action is no materialism at all but the heroic conquest of life by the assertion of certain values in man and the determination to master destiny by realizing them—turns out to be the relation between two forms of energy. On the one hand it operates through inert substance, and on the other through the power to move, direct, choose, create, and defy circumstance even when perishing. Thus the problem of freedom is in part the question of adjustment between these two forms of energy; but in larger part—particularly in this issue of the relation between the economic process and the rest of life—it is the question of adjustment between

two kinds of human energy, two types of intelligence and will.

Ever since man learned to make fire and tools, his mental energy has had the upper hand over that which operates through inert substance. Man is the directing force in production. The idea prevails. The question now is by what kind of ideas shall economic life be actuated. On the one hand are the ideas of class control through concentrated power achieved by the method of competition and profit-seeking. On the other hand are the ideas of the development of all persons through the sharing of work, its results and its control—the growing together of a great community in conscious direction of its life, with far-seeing use and improvement of nature. The controllers of our present society propose to continue their power and to hand it on to their descendants by disseminating the ideas that efficiency and prosperity come only through them, by promising comforts without stint. The economic determinism with which religion has at the moment to reckon in this country is the consequence of this set of ideas, which are used to justify the seizing and holding of the control of industrial society by the successful money-makers and their heirs.

The doctrine of the economic sufficiency of capitalism constitutes for us more of a menace to the development of the ethic of Jesus than Communist materialism, because by degrading man to a consumer of creature comforts it more effectually denies that conception of human personality which underlies the gospels. Also it leads directly to the other

positions of the Communists which are the opposite of those taken by Jesus—the glorification of force, the denial of freedom, the devitalizing of the individual. There can be no question that the persistence of the morality of Capitalism means that the inevitable reaction will be the spread of the morality of Communism. It is happening even now. For religion to wait until after the demonstrated breakdown of capitalistic industrialism to make up its mind about its essential nature, as many preachers did in the matter of war, is to become an accomplice in making revolutionary procedure certain. The alternative is to bring about a revolutionary change in economic ideas and ideals before catastrophe occurs, by the use of observation and prevision—by the scientific method.

Does not a brief survey of the field reveal sufficient evidence of the devastating effects of our money-making economic morality to require judgment from religion? Does it not appear that in the attempt to hold and pass on enormously inflated values we now face a more powerful and destructive force than the blind profit-seeking of early individualistic capitalism? Is it not demonstrated that the plea of efficiency for concentrated ownership has to be disallowed, that its strength is passing from it—spent in self-indulgence? Is it not manifest that those elements upon which capitalistic industrialism has relied for success are now the sources of its weakness—the competitive struggle for gain, the power of self-interest, the lack of intelligent coördination, the beneficence of conquerors? It cannot be denied that these are the opposites of the

elements conserved and developed by the ethic of Jesus and upon which it relies for the future of man —the supremacy of personality, the obligation of service, the need of solidarity, the validity of sacrifice. The whole course of his experience upon this planet demonstrates that these are the constructive capacities of man. By both tests of historic analysis and observation of present consequences, then, our competitive profit economy is shown to be the blind leader of the blind. What we now know about the determining effects of the economic process on the rest of society is sufficient to demonstrate that there is little further progress possible for man unless the economic life be intelligently controlled to other ends than the acquisition of property and the power that it brings.

So it is not merely for its own life that religion is fighting when it refuses to accept the ultimatum that the ethic of Jesus will not work. It is battling for the life of society for which, if it is an ethical religion, it has the responsibility. When modern Protestantism accepted the natural law of rationalizing philosophers and economists and tried to leave economic affairs outside the house of God, it was attempting the impossible; they could not stay there. The effort of both Capitalism and Communism to dispense with religion, no matter how much agreed to by ecclesiasts, is a feint. Both turn round and use it for their own ends, both call into play in their own activities its qualities of faith and hope. What they instinctively wish to avoid is its critical revaluation, its constant demand for reconstruction.

To urge that religion accept the duty of helping

society to find ethical controls for its economic behavior does not at all mean that institutional religion is attempting to control the rest of human life. It is too late to restore the papacy. The organized life of man has been in turn directed by the absolute state and the absolute church. Having discarded those, it now finds itself subjected to the absolute economic order, first by the plutocracy, then by the proletariat. Each of these dictators attempts to justify itself by benefits rendered to all; the Communist dictatorship claims all power over the people in order to make them able finally to exercise it themselves, while the capitalist state keeps them out of power in order to give them more comforts. The doctrine of the greatest good of the greatest number has gone far enough that the masters of any country must at least render it lip service. Religion too has learned the same lesson—in part. In the circles of enlightenment it now seeks neither to dictate the eternal destiny of the individual nor to rule society, but to help both of them to self-direction. It does not desire a social order guided and used by any of its parts, but one whose law is mutualism. It is working for a fully conscious society, not one blindly following its greedy desires and trusting foolishly to Providence to overrule their disintegrating results into some harmony, nor yielding itself in fatalistic submission to some vague powers called forces of production or worshiping again the work of man's hands in the shape of the machine. An ethical religion seeks a society consciously controlled for chosen ends.

Hence it finds itself on common ground with social

science, when that discipline is occupied in discovering and developing the intelligence, conscience, and will of collective man. This attempt gets nowhere unless it begins by working out conscious and mutual control of the economic process for such ends as the common mind and will have chosen. As long as the economic institutions are going it blind, spurred by the impulse of money-making, content with such social benefits as indirectly turn up; or as long as they are controlled by those who have conquered power in a stern and relentless struggle, social science is only another apocalyptic hope—in the same situation as the Kingdom of Heaven in the Roman world or the Communist Commonwealth in the present United States. Only as economic activities are ordered for the purpose of realizing the ends that social science has set before itself—the prevention of poverty, disease, and ignorance, the intelligent limitation of population and the development of all to their highest capacities, with the breeding out of inherited and inheritable weakness—do these ends become anything more than another Utopia. But these are the ends to which a religion that has the ethic of Jesus at the center is now committing itself; and they are permanently refused by the economic morality of capitalist society, which leaves its future to the ordering of the competitive struggle and the beneficence of the money-makers. Thus social science and religion have a common stake in developing a different economic morality, a more social economic process.

Neither of them is required at present to diagram the future. The demand that they should do so is

both irrelevant and impossible. In the nature of the case, a ready-made economic society that will work better than the one we now have cannot be produced. For those who defend our present situation, with its pride in the planless conflict of self-interest and its trust in the gambling spirit for its energy, to make such a demand is to add impudence to ignorance. The technicians can supply plans in plenty for specific operations to improve our economic procedure. But most of what they have supplied now remains unused, because the general principles of our economic morality forbid its development. What is needed, then, from an ethical religion is a new sense of direction, a stimulus for advance at the points where science declares progress to be possible. What can properly be demanded of it is not a set of blueprints, but a chart which will show industrial society—now in a dead end—which way to move. And this the ethic of Jesus is able to supply. It moves men in the direction opposite to our present economic morality. Instead of the method of competition it calls men to coöperation; in place of the motivation of profit it urges men to serve one another; it substitutes for the end of property the creation of enduring fellowship between man and man the world over, between all men and the Eternal Spirit of the Universe.

For the morality of conflict to maintain self-interest, national dominance, or class control—whether through war, the acquisitive society, or the economic revolution—the ethic of Jesus substitutes a spiritual warfare against the forces that hinder and destroy the common good, carried on in the spirit of re-

nunciation. The choice is not between evolution and revolution, but between two kinds of revolution—one a voluntary transformation of economic society, the other its catastrophic overthrow; one occurring by consent, the other by compulsion. It is either a common plan for a new society or fight. In any society, peaceful evolution is possible only if those who have power and privilege will pay the price for it by making the necessary changes in time. In the past the primary producers have had to pay most of the price for every economic advance, from the improved agriculture that came with the enclosure of their lands to the latest changes in industrial processes that now take away their jobs. This time they are not likely to pay as big a share of the bill for technical improvement. The wage-earners and the farmers are getting too much education and have had too much political experience to be either bamboozled or forced for long into bearing too much of the cost of developments in production and distribution. It is now the turn of the salaried and professional workers to share in the price of economic progress. If these groups allow themselves to be tied in with the owners of overcapitalized industry in their demand for tribute, they will pay as did the middle class who stood by the land owning aristocracy in Russia and in France, first in restriction of life and finally in bitter suffering.

Here is one of the points at which the ethic of Jesus offers to the intellectuals a tool for the making of the future in its insistence that the achievement of brotherhood requires the spirit of sacrifice and that

therein lies the fullest self-realization. Those who have come into possession of the technical knowledge necessary for the next step in the development of human society carry the heaviest share of the responsibility for the way in which that step is taken. For this depends very largely on whether their brains are for sale to the highest bidder or are at the service of the common need at the cost of some discomfort.

Jesus brings a similar challenge to the religious organizations that bear his name. As Guignebert has reminded us, the West has never yet accepted Christianity. This means that the Christian churches have never yet embraced the religion of their founder, which has for its core an ethic that seeks human brotherhood as the expression of the Eternal Spirit—through the development of justice by way of sharing and sacrifice. This ethic has particular value for the economic crisis in which Western society now stands. Protestantism is predominantly the religion of the middle class. Renunciation and sacrifice are among its cardinal doctrines. Will it go on teaching them in a purely theological or mystical sense, or will it discover their practical meaning? Will it see in time the immorality of the vicarious atonement for the sins of society that has been made always by the people at the bottom? Will it call effectually upon the comfortable to share in the sufferings of the deprived, in order that together they may work out a way of salvation for society and for persons by transforming the economic order from one of power and privilege to one of sharing and developing? Or will Protestantism now repeat the futile rôle of the Greek

orthodox church in Russia by becoming, along with the other institutions of privilege, first the creator of the revolution, then its repressor, and finally its victim?

If Western Christianity is to avoid this fate, if it is to develop its ethical inheritance for the use of our economic society in time to avert disaster, it cannot avoid the war of ideas. Intellectual analysis of our current economic morality is now a large part of its task, and because of the nature of those ideas that work will for a generation be largely iconoclastic. The gods of the acquisitive society must be destroyed!

But after all the main concern of religion is with ideals. It has business with ideas for the purpose of validating or disproving the faith and the hope that is within it, and particularly with ethical ideas because of their outcome in life. But a purely intellectual religion has always been ethically sterile; the more speculative it becomes the less it moves life. A vital religion necessarily has more concern with the future than with what has gone before. An authoritarian religion lives in the past, but the ethical religion of Jesus gives present experience an authority of its own—in relation to the past it is true, but even more in relation to the future. Its ethic is natural in the sense of being drawn out of the common experience, not imposed upon it by ecclesiastical decree or revelation from the clouds. It is evolved from social experience, compared, tested, and evaluated. Responsibility for part of this development belongs to science, but an ethical religion helps man to choose ends and values because it deals also with the

ought. It calls him to the search for the good as science does for the true and art for the beautiful. Thus it brings to bear the force of the creative imagination at its highest capacity for the transformation of human life. Its word is Seek!

An ethical religion that pursues the goal of Jesus puts no ecclesiastical authority over daily living, but trys to spiritualize all of life by setting man to work to realize the best that he has dared to dream. It is not afraid of Utopia because it knows that territory to be one of man's priceless possessions without which reality would be unbearable, and never more so than in the present hour. It is the commonest fact that we know more than we do, that science has outrun morality and religion, that industrial technique could fashion us a fairer and a juster world, that we have knowledge of how to feed and educate human beings and limit our population to those for whom the means are available. This paralysis of the will that is creeping upon the acquisitive society arises from the fact that it has conceived life in terms of self-interest, has viewed mankind only as individuals, not as an ordered whole, has preferred to trust the future to a gambler's chance rather than to plan for it, has chosen the immediate satisfactions of sense before the enduring moral values, and so having rejected the authority of the ideal has become proudly hard—that is, wooden—in its head, and in its body obese.

It is the vision of ends that Western life lacks. It has no sense of direction. It is all motion—at unequaled speed—but what is its goal? It is atomic, chaotic—not yet corporate. Why do its millions

work and fight and breed and die? Do even their leaders know? For what shall man live? For all, says Communism. For each, says Individualism. For both, says the ethic of Jesus. Having in the course of its development rescued the individual from both the early communal society of the East and the aristocratic society of the West that he may find himself in a voluntary brotherhood, this religious morality is not to be deceived by the suicidal separatism of individualistic democracy nor the equally fatal subordination which dogmatic Communism imposes upon personality. If there is one thing that the ethic of Jesus can help an inevitably collectivist world to remember, it is the creative function of the individual. If there is anything it can help those who have been nurtured in the individualistic tradition to appreciate, it is that personality is social in its origin and nature, needing the Great Society for its fulfillment.

The obligation involved in this relationship has been expressed in the motto, "Each for all and all for each." To choose to live for all in the search for justice and fellowship with the consciousness that they are the eternal values, to achieve solidarity by self-surrender in activity toward the common good and so to find the self—this is the realization of life according to the word of the Nazarene. Whatever theology may make of this view of life—and the Communists have certainly made it into a powerful enough God—it is the necessity of life if human society is to continue. To make the future, man must have some idea of what he would make. To be the creator he must have

the creator's vision. What task is more divine than to make and remake human nature, and whatever our ultimate relation to the cosmos, whatever the extent to which we draw on the Eternal Spirit, this is our responsibility.

It is the effect of our current economic morality in preventing man from accepting the responsibility for intelligently and ethically working out his salvation that makes it so irreligious. The Barthian Theology of Crisis in Germany and Switzerland has severely criticized liberal Protestantism because it leaves man to trust in himself. The leaders of that movement have also pointed out the relation of this religious attitude to the capitalistic philosophy of life. But Pharisaism is just as much in evidence in fundamentalist as in modernist circles. In both places it is the reflection of capitalistic individualism which makes men say that they are sufficient unto their own economic salvation through the operation of selfishness. But they will trust God to save them from their sins by His love! That is, they are trying to use both worlds for their own self-interest, which is just where a religion that makes man entirely dependent on God always comes out. But when—following the ethic of Jesus—a man realizes his dependence upon all as well as the dependence of all upon him, his relation to the Eternal Spirit becomes just as mutual as his relation to his fellow men, particularly as he coöperates with cosmic energy in the economic process from which a purely theological religion and its God are excluded.

The answer of an ethical religion to the demand

of the acquisitive society that it refrain from interfering with economic arrangements is the counter demand that man's moral imagination shall function in practical affairs, that his power of dreaming and creating shall not be confined to art and literature or inventions, but extended to the use of these for the development of all of life. It proposes that the ideal dominate the actual by making the actual always search for it. Here again religion has affinity with science, which also dreams but is hindered from fulfilling its dreams by the demands of a profit-seeking economy.

The final clash between our current economic morality and the ethic of Jesus is over the nature of man. The capitalist economy rests on the hypothesis that man is a creature who prefers material comforts to moral values, who would rather have an increase in goods than in the quality of existence. The only future it can offer man is one in which he will get more conveniences but less freedom, justice, and fellowship, believing that thus he will be content. The ethic of Jesus rejects this estimate of human nature; insists moreover that the very making of it is the negation of personality, whose essence lies in the making of choices and whose development consists in preferring moral satisfactions to material, the ultimate to the immediate, the eternal to the temporal.

When, therefore, those who seek to develop the religion of Jesus proceed to analyze the claim of competitive profit-seeking to provide man with an abundance of economic goods, they are not for a moment conceding that such a result would justify

or even palliate this type of economic behavior. They are interested in helping industrial society to find out before it is too late whether it is building on false premises, whether a form of economic behavior which rejects the continuing ideals of man can be efficient, or whether it is adding self-deception to its other immoralities. If it could be successful far beyond its claims, the economy of the acquisitive society would still stand condemned by the ethic of Jesus as utterly degrading and demonstrably destructive. His morality builds on the proven fact—which even the economy of self-interest falls back upon when it has made wars for itself—that the sacrificial capacity of man is continuously available for the improvement of society. His followers believe that men who can suffer and die for those whom they love and for their ideals will, when they understand the choice before them, take fewer creature comforts if that is the road to more justice and fellowship. Such a faith in the capacity of man was one of the outstanding characteristics of Jesus. Without it, what remains of any faith in God—especially if God be conceived as ethical and immanent?

Because the central issue in the conflict between our current economic morality and the ethic of Jesus is this difference of judgment concerning the capacities of man, the struggle between them is a matter of life and death for both religion and civilization. "Ye cannot serve God and Mammon!" Either religion proves itself able to bring to the acquisitive society redemption from the making and selling of things, and release from the struggle of greed for power, or

it blindly leads this blind age into the twilight that has fallen upon all other civilizations. Therefore if the salvation which an ethical religion has to offer industrial society is to be available in time, the present duty of those to whom the development of this type of religion has been committed is to help this generation to see clearly the nature of the choice which a money-making economy puts before modern man.

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